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## EC'S DAVIGNON ON EUROPEAN STEEL INDUSTRY CRISIS

Brussels KNACK in Dutch 12 Aug 81 p 16

[Interview with Etienne Davignon on Steel Woes]

[Text] Last year in October EC Commissioner Etienne Davignon stated in the German weekly DER SPIEGEL [The Mirror] that he would resign if on 30 June 1981 the European steel cartel, which was thrust upon its participants, were to be extended. Although it is still in existence for some important segments of the steel industry, Count Davignon has not yet tendered his resignation.

Etienne Davignon: "It has nothing to do with breaking my word and even less with the assumption that I love my mandate too much. The truth of the matter is that since last fall the situation in the steel industry has radically changed; not always in the right direction. Important to me is that the enterprises involved and the national governments have demonstrated a willingness to cooperate in the search for a solution of the difficulties.

In October complete anarchy prevailed on the steel market; everybody attacked everybody else with dumping tactics. The EC-Committee was then forced to intervene in this disastrous battle between competitors."

Question: "What has changed in those 10 months since last fall?"

Davignon: "I consider it a success that after 30 June the European steel industry adopted mutual production restrictions and delivery quotas. It is even more important that all of us here in Brussels, enterprises and national governments, agree to eliminate the excess production capacity and to end subsidies."

Question: "Since 1975 the European governments have paid or promised to pay about a trillion francs in subsidies to the steel industry to cover losses and to save jobs..."

Davignon: "I am reluctant to use such estimates because I do not want to start an argument by interpreting the word subsidy. If a country spends money on its steel industry, other nations will call that subsidizing. If another country does the same thing it is considered good economic policy. However, it is

certain that tax money was correctly spent, for instance, to improve the infrastructure of the steel industry, for new techniques, or for rationalization. There are however also countries which spend money foolishly. That should finally be stopped."

Question: "Is the fear justified that what happened to agriculture will also happen to the steel industry?"

Davignon: "In agriculture producers get prices guarantees; to enforce them subsidies are sometimes given. However, in the steel industry our system has done away with subsidies and the price level on the world market is taken as point of departure."

Question: "How do you control 350 steel enterprises?"

Davignon: "We devised a very clever system to obtain the information we need. The industries should not even attempt to deceive us. On the other hand, we should not be foolish enough to think that we have covered every little detail."

Question: "Should not you take into account that some enterprises like Klockner-Werke in the GFR are exclusively looking after their own interests?"

Davignon: "If about 10 years from now entrepreneurs write their memoirs they might gloatingly reveal how they fooled Davignon. However, I will not let them spoil our system of solidarity. The Klockner case serves as convincing proof. Solidarity means that strong industries help their weaker brothers."

Question: "Within the framework of solidarity strong enterprises, rationalized at an earlier stage, should cover up for bad management of other factories?"

Davignon: "I am not appointed to judge somebody else's management. It is my task to see to it that the European steel industry can again play its role on the world steel market."

Question: "The situation in the European steel industry has never been so disastrous and you are nevertheless already talking about a role in world production?"

Davignon: "I must warn you not to underestimate the effectiveness of the European concerns. In the past mistakes have certainly been made. Strong enterprises were too confident and thought that under the slogan "everybody for himself" they could last longer in the structural and conjunctural crisis we are now experiencing. It took the smaller industries too long to size up the situation and start a restructuring program. I would not have assumed all the work and frustrations of the past months if I were not convinced that the steel industry can perform very well in the world market after its excess capacity is eliminated."

Question: "Should not the European restructuring program promote buying steel from countries which can produce it cheaper and let Europe concentrate on the manufacture of end products?"

Davignon: "The problem with our steel industry is overproduction. The cheap steel from the developing nations is hardly good enough for our automobile industry and also inadequate for steel products used in modern bridge construction or in big buildings."

Question: "Would not it make sense to buy good steel from the United States or Japan?"

Davignon: "That is usually not the case. Anyhow, the Japanese are not going to sell us rough steel. They prefer to reprocess it themselves and to sell us the final products, as cars, washing machines, or tools. The situation is not so that we are not going to make steel in Europe but we must slow down our production and adjust our prices to those on the world market. Since October prices have gone up almost 1,500 francs. If we raise prices again in October and January and everybody follows suit, we will have overtaken the Americans and the Japanese."

10319

CSO: 3105

## POLICY TO COMBAT UNEMPLOYMENT DISCUSSED

Brussels KNACK in Dutch 24 Jun 81 pp 32-33

[Article: "De Wulf for Five Years"]

[Text] This is a time when the most alarming reports appear in the newspapers. Write down any alarming figure for the budgetary deficit or unemployment, reality will soon transcend the imagination anyhow. On 15 June, we had 379,205 people receiving unemployment benefits, at a level of 9.1 percent of the active population. According to all the prognoses, this will run up to a mad level of 600,000 by 1985.

Actually, the worst is yet to come. Not only is the economy virtually not progressing, the demographic figures are also unfavorable. More people, especially more girls, but always /less/[in italics] jobs. And it is precisely because the upcoming 5 year period presents itself as such a disastrous one, that SP [Socialist Party] Minister Roger De Wulf believed that he should make an extra effort, in addition to his current projects to absorb unemployment. Maybe our generation can count on a revival or on a renewed industry during the second half of the eighties, maybe not. But first, there will be a difficult period anyhow which will have to be bridged; hence a /bridge plan/[in italics]. In keeping with the urgency program, which Prime Minister Eyskens announced in his government statement, and following serious discussions with the social partners, the minister of labor and employment last week presented new projects to his colleagues.

It means that by the end of 1982, the minister wants to create some 50,000 new jobs through purely social measures, and 200,000 by 1985, without being dependent in this on the ups and downs of the economic labor market. He believes he will be able to manage this by relaxing the already existing measures, and -- as a novelty -- by expanding the BTK [Special Temporary Cadres] system to private industry. A first relaxation is the raising of the bonus system for employment. The recruitment bonus of 250,000 francs, which is already being paid to those enterprises, which have introduced a reduced 38 hour work week and in exchange attract new labor, is being pushed up to 300,000 francs for the recruitment of an older or long time unemployed individual. These are, by their very nature, the people who have the least opportunities. According to the minister, this could mean some 26,000 jobs.

Enterprises with less than 50 employees, who take in a trainee (or somebody who is young and has never worked before) will be able to claim a bonus of 100,000 francs. Up to now, this has amounted to only 30,000 francs. The difference must be

noticeable, even though the number of possible bonus trainees remains limited to two. For enterprises with more than 50 employees, who are already obliged to hire 2 percent trainees, the current bonus of 30,000 francs will be replaced by a check for 100,000 francs if 3 percent of their people are trainees, and for 200,000 francs if they run that percentage up to 4 percent. As an incentive, this should be worthwhile. This should increase the number of trainees from 28,000 to 32,500 in 1982.

There would be a reform of the /Special Temporary Cadres/ [in italics]. Those 3 to 12 month contracts will be renewable only once, and for a maximum period of 1 year. Experience has taught that such temporary projects produce only few permanent jobs anyway. On the other hand, lasting projects will be encouraged, up to a maximum of 5 years. In principle, this could result in the definitive hiring of primarily long time unemployed individuals. The RVA [expansion unknown] is going to finance the re-employment of all these people degressively: from 100 percent of the labor costs during the first year to 60 percent during the fifth year. There are now 22,000 BTK people among us; next year, there should thus be about 34,000 of them.

However, the key element of the so-called bridge plan will have to be government support for every new job created in the private sector to absorb social needs in the enterprise itself. The minister will help pay the wages of people who are hired especially for the cafeteria, for example, to beautify the places of work, to better train the workers, and to improve safety in the factories. Support would be provided in a similar degressive way, from 100 percent of the wage during the first year, to 60 percent during the fifth year. However, those jobs must be permanent in nature, with unlimited contracts. This should take another 10,000 people off the street in 1982.

All these measures together would cost 7.5 billion francs in 1982, in addition to the 13 billion already set aside for current initiatives. Thus, 50,000 jobs would require 21 billion francs. According to the minister, however, these billions must be considered as an investment in people. As a matter of fact, macro-economically speaking, this operation would come out neutral anyway. Because, according to the Planning Office, today an unemployed individual costs 488,943 francs. This includes his 191,637 francs in unemployment benefits, plus 103,878 francs less in tax receipts and 193,428 francs less in social security receipts. If 50,000 people are put to work, even if it costs the budget 21 billion francs, they however would bring 26 billion francs /in/ [in italics]. This does not alter the fact that the additional effort must be financed in any case. The only thing that is said to go well at this time in this country, is the crisis loan. If Roger De Wulf's bridge plan cannot be financed through the crisis loan, then it may be necessary to think about a special employment loan.

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CSO: 8118/1633-B

## BRANDT LETTER TO SPD MEMBERS DEFENDS BUDGET CUTS

Frankfurt/Main FRANKFURTER RUNDSCHAU in German 5 Sep 81 p 14

Article: "Brandt Hearing 'Serious Questions from Ranks'"

Text7 Herewith the text of the letter according to SPD sources:

Dear Friends,

In the aftermath of the coalition talks on the 1982 budget, serious questions have been raised within the ranks, among the voters and in the labor unions. Starting out from different principles, did the coalition manage to agree on a sensible program? Is there sufficient strength and unity to make for a decisive course of action?

And above all, the question is raised: At whose expense are the budget cuts being made? As social democrats, can we justify these measures? I will try to give an answer by posing three questions.

What kind of government do we want in Bonn?

Everyone of us knows that these talks were not concerned with the budget alone but also with the future of the coalition; the more so, since our political opponents had been waiting and hoping that the socialist-liberal coalition, in power for the past 12 years, had at last reached the point of no return.

But that did not happen; the coalition held firm. Despite our different starting positions and even despite a number of important differences on social policy, the coalition partners mustered the strength to reach a compromise that did not do harm to either partner and did no violence to our basic principles.

Indeed, in this budget the SPD will --as it has to-- go along with some decisions it considers problematical. That is not easy for us. In our view, there are some things that might have come out differently. But the principle of a social welfare state, fought for by the labor movement, is not being violated. No basic changes were made on unemployment benefits and sick pay such as we social democrats could not have agreed to.

To those who think that we have been had I would say that many of these cuts were also considered unavoidable by the social democrats in the government. Above all, we German social democrats are convinced that the socialist-liberal coalition is an absolute necessity for the FRG in view of the rising danger of international re-armament and the economic crisis. One can well imagine what road this country would follow under Strauss and Kohl.

What kind of budget do we have ?

Above all, the government has managed to propose a budget that reflects a serious desire to effect savings. New indebtedness is being markedly reduced. The primary question was and still is how the FRG can go its own way in view of the international dangers. We have no reason whatever to turn our backs on the reforms of the past 15 years, much less to scrap them. And no one will make the social democrats participate in "trend reversals" of doubtful merit. Just the same, we cannot avoid reacting in an appropriate fashion to the challenges of the oil crisis, the high interest rates and unemployment. We are also ready to accept painful corrections here and there so as to continue safeguarding our policy of peace, the continued existence of the welfare state and a carefully balanced economic policy.

Particularly as they apply to the federal labor office, the cuts are drastic and deep. But they are not being made --as stipulated in some earlier proposals-- at the expense of principles, which labor in this country could not accept. We are not afraid of breaking taboos as the public service cuts show. Money-saving, but anti-cultural measures such as imposing further burdens on book and magazine publishing were once more discarded.

The net result is that we have succeeded in saving money-- and in a socially acceptable way in every instance. The opponents of the welfare state, the ideologues of a new privatism did not have their way.

What is being done about jobs ?

No additional program to help the economy has been worked out. Now that is a serious matter. It is unique that a party like the SPD, which mainly represents the interests of labor, offered to impose a burden on broad segments of the population --by way of a supplementary tax-- and that this offer was turned down. Furthermore, it can be said that the budget does contain a quite respectable job program. During the past few days, this has been talked down to some extent. We should not disregard the aid extended to steel and a whole series of interesting projects under different appropriations. If one considers the fact that the postal service will

be investing DM 9 billion in the communications field alone, one can see that excessive criticism is uncalled for. Nor will social democracy allow dogma to tie it down. The rise in degmssive tax rebates and the improvement of tax write-offs in housing designed as an "incentive" for the construction of tens of thousands of new apartments is not something we grudgingly accept but actively promote. This also applies to the funds available to small and medium-sized businesses.

Nonetheless we must realize that given an unemployment figure of 5 percent we are not living in a time in which a budget calling for "normal" employment levels suffices. Therefore, we cannot preclude the possibility that we will have to make a new assessment on how to mount still another job offensive once the annual economic report comes out early next year. One thing is clear: the social democrats must not and will not put up with rising unemployment.

Dear Friends,

while we were negotiating and looking for a compromise, many a demand was raised and later dropped; much was talked about and much was talked to death. We now know that we succeeded in stabilizing the budget and that we had to effect savings to do it. This paves the way to further improvement of the FRG's balance of goods and services and to an increase in the exchange value of the German Mark. What was needed was the ability of the coalition to work out a compromise.

It is a matter of course that the budget will be discussed further in parliament and that some particulars will be corrected in committee. We will therefore carefully weigh and reasonably discuss the questions and the criticism by our citizens and their organizations. But we will not permit anyone to use the budget as an opportunity to harm the socialist-liberal coalition.

I ask all social democrats today to think through this entire matter and to communicate it to their fellow citizens. This also calls for not being carried away to the point of looking for symbolic victories or defeats in the coalition talks. Of course, conservative commentators are trying to goad the FDP into raising additional demands by accusing the FDP leadership of having "sold out." Others are referring to a "victory over the SPD." I ask you not to join in such talk. If we must speak of victories, let us speak of a victory of the socialist-liberal coalition over its political opponent.

Yours, Willy Brandt

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CSO: 3103/434

## SPD, FDP REACH AGREEMENT ON BUDGET, COST CUTS

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 4 Sept 81 pp 1-2

/Report by Kg, datelined Bonn, 3 September: "After Arduous Haggling--SPD and FDP Agree on Budget and Cost Cuts"/

/In the night from Wednesday to Thursday last the coalition parties--SPD and FDP--finally reached agreement on the last decisions outstanding about the 1982 budget and the draft of a second law on cutting costs in the health system. The decisions were ratified by the cabinet on Thursday. It is now certain that the 1982 budget will rise by 4.2 percent to DM240.8 billion. Most of the employment support measures initially agreed by ministers Mattheofer, Ehrenberg and Lambsdroff have been incorporated in the budget.

One gap in financing remained last Wednesday--amounting to about DM1.1 billion. It is to be closed by, among others, increases in the tax on champagne and brandy, and by altogether striking the deduction for taxes previously paid in the course of purchasing company automobiles as well as by further cuts in the services of the Federal Institute for Labor. The cut in children's allowances (decided upon last July) is to be carried out by reducing the allowances for second and third children by DM20 each. The decisions regarding the cost cutting law provide that all those measures be carried out, which will in fact result in savings by the health insurance institutions. However, in response to pressure from the FDP those measures were discarded, which might have resulted in a structural change of the health insurance system.

As regards employment support measures, the improvement of reducing-balance depreciation for buildings was already agreed on Tuesday. In addition there will be an allocation of DM200 million to improve the capital resources of the Reconstruction Loan Corporation, DM200 million for investments in the traffic sector, DM100 million for the promotion of microelectronics, DM30 million for the promotion of optical communication technologies, DM100 million for export promotion and DM15 million for combating oil pollution at sea as well as the amount of DM45 million for the extension of the loss carry-back from 1 year to 2 years. Also agreed was the extension of the law on the conservation of thermal energy beyond 1982. DM100 million are to be made available for energy conservation in federal buildings.

The increase in the champagne tax is expected to yield DM100 million, that of the brandy tax DM350 million. The total elimination of the allowance for tax previously

charged in the purchase of company automobiles (earlier it was only to be cut in half) is expected to yield DM280 million in 1982. Once this measure is fully effective, the total elimination of the allowance will cost the economy roughly DM 1 billion. To be eliminated also is the so-called value added tax option (within the scope of the building sponsor system) with respect to rental apartments to be completed after 1984.

In the course of the coalition discussions the SPD had asked for more taxes. To be removed, for example, was the deductibility of entertainment. The tax-free allowance for the self-employed was to be canceled altogether, the allowance for farmers and foresters halved. Also to be stricken the education allowance and the tax privileges granted for capital-forming payments by small enterprises. The SPD has not been able to make its wishes prevail. However, it is still the intention to restrict tax concessions for pension reserves, a measure by which business would stand to lose a considerable proportion of the financial benefits resulting from reducing-balance depreciations.

One of the most serious obstacles to agreement were the cuts in children's allowances. In the end political as well as constitutional considerations resulted in the payments for second and third children being cut by DM20 each. The introduction of income limits was never seriously negotiated, because constitutional risks as well as administrative costs were estimated unduly great.

The Federal Government maintained that such a fundamental change in the system of children's allowances was bound to increase the resistance in any case to be expected from the Laender. It remains to be seen whether the Laender will continue to contribute DM1 billion to financing the children's allowance if payments are actually cut as planned. Should the coalition be able to enforce its decision, the allowance for the first child will amount to DM50, for the second child to DM100, for the third child to DM220, and for the fourth and all subsequent children to DM240.

On Thursday SPD chairman Brandt justified the cabinet's budget decisions in a letter to the members of his party. He pointed out that the negotiations between SPD and FDP had "involved also the continued existence of the coalition." A compromise had been achieved "which damages neither of the partners and was certainly not arrived at at the expense of our fundamental convictions." Nobody, he said, would be able to make the SPD participate in "changing trends."

FDP general secretary Verheugen considers FDP demands with respect to the 1982 budget to have been largely met. The FDP has succeeded in preventing massive general tax increases and in helping the adoption of economic steps in the right direction. Verheugen pointed to the improvements in the terms for write-offs and the waiver of an expenditure program. He thought it appropriate to speak of a change in trends.

The echo from business sounds a great deal more skeptical. The banking association, for instance, commented that no clear shift in financial policies had taken place. The decision about new expenditure programs had been tabled and postponed. This did not really provide the necessary precise definition. It was also unsatisfactory that, in the final analysis, the deficits were to be reduced only by shifting income from the pension insurance fund to the unemployment insurance fund, by raising taxes and having recourse to Bundesbank profits.

The coalition made heavy weather before arriving at a compromise on the measures for cutting costs. Eventually the FDP got its way, and there will be no measures likely to result in structural changes in the health system. Ehrenberg thus failed to achieve his goal of fully incorporating the substitute fund in the Reich Insurance Code, thus putting it on an equal footing with the other official health insurance institutions. This topic will come to the fore again only when the minister submits the draft (already announced) of the structural revision of the official health insurance institutions. The FDP also refused to firmly link the total remuneration of physicians and dentists to the development of wages and thus limit the volume of medical services also.

The 3 percent cut in medical and dental fees proposed by Minister Ehrenberg was rejected as interference in the contractual rights of the self-governing body. Nor will there be an "approved list" of medications as recommended by Ehrenberg. He had proposed to have lists compiled of those medications which would be permitted for prescription to health insurance patients. To be taken into account were the efficacy of the drugs and their prices. Ehrenberg was also unable to make prevail his suggestion to raise the pharmacy discount for health insurance institutions from 5 percent to 7 percent. Left standing was the proposal that fees paid for dental laboratory work should be cut by 5 percent when the current contracts expire.

To be introduced in the discussions on the hospital financing law is the proposal in 1982 and 1983 to strictly link hospital fees to the development of wages. The criterion is to be the development of employee remunerations subject to contribution at the local health insurance funds. In future maximum prices are to be fixed also for drugs dispensed in hospitals. The hospital financing law is already in the legislative mill. Consequently the fractions must introduce the coalition proposals in the appropriate committee. However, this law requires assent by the Bundesrat, and that body is unlikely to approve.

Retained is the proposal that in future every insured person should receive only one medical card per quarter. To be included in payments for dental services will be the provision of dentures. Here some change has occurred: Dentists will be allowed to settle with the patient direct for dentures which exceed the standard quality. The health insurance fund's subsidy for dental laboratory work is reduced to 60 percent; it must be remembered, though, that the subsidy used to help pay for the dental service also. In future patients will have to pay 20 percent per prescription for drugs and other medication. However, patients payments will be limited to DM4. No prescription may list more than three medicaments. Children are exempt from payment. The prior approval of the health insurance fund must be sought for any remedy costing more than DM100. In future the health insurance funds will pay for eyeglasses only once every 3 years. Prices of drugs and other medications must be displayed. Recuperative spa treatment will be awarded only once every 3 years. In future the health insurance funds will pay fares only for amounts in excess of DM5.

CDU financial expert Haefeke accused the coalition of failing to carry out the necessary shift in financial policies. The desire to hang on to joint power had been stronger than the resolution to adjust national finances to the challenges of the 1980's. The inadequate reforms now initiated consisted largely of increases in taxes and shifts of burdens to other public agencies. All they would yield in genuine legislative savings was DM6-7 billion.

## NEGATIVE PREDICTION FOR CONSTRUCTION INDUSTRY

Bonn DIE WELT in German 28 Aug 81 p 7

Text According to the latest economic trend check by the Ifo Institute for Economic Research, the business climate for processing industries keeps on improving. Firms pronounced more favorable verdicts about the business situation and were less pessimistic about the outlook for the next 6 months. According to other Ifo data, demand has continued to revive. However, despite the persisting slow-down in output, no real improvement in reserves of orders has yet occurred.

In fact the economic trend check reports that the pressure exercised by stocks of finished goods has increased slightly. On the other hand the majority of the firms polled expressed satisfaction with the further advance of exports.

A definite improvement in the climate was noted especially in the primary product sector. The stock of orders here was considered satisfactory, though we must remember that stabilization occurred at a "rather" low level. According to Ifo expectations have improved only slightly in the investment goods sector. Most of those polled described order stocks as "too small." The manufacturers of electrical investment goods and of office and data processing equipment, in particular, expected greater demand from abroad.

Construction continues to look dismal. According to the economic trend test the business situation in this industry has worsened some more. The business situation and the outlook for business in the coming 6 months were judged poorer yet.

In the course of a special study of the construction industry Ifo arrived at the conclusion that the cyclical downswing in this industry will persist until well into 1982. An upswing is not to be expected before the second half of that year. In the average of 1982 construction investments are likely to move another 3 percent lower than in 1981, having declined by 6 percent this year.

Ifo therefore predicts that more employees will be laid off in this industry. A reduction by another 100,000 in 1982 is quite possible. The 1981/1982 recession in the construction industry will therefore wipe out a total of 200,000 jobs. Consequent upon the cuts decided upon by the Federal Government, the disposable income of households will shrink, with the result that demand for housing will further decline in 1982. Some stimulus may be expected, says Ifo, from the lower interest rates likely next year, another decline in inflation and the expectation of possibly improved rates of return following the promised introduction of differentiated rents.

## ROCARD ON SUBSIDIES, REGIONAL DEVELOPMENT, EMPLOYMENT

Paris L'USINE NOUVELLE in French 13-20 Aug 81 pp 33-35

[Interview with Michel Rocard, Minister of State for Economic Planning and Development, by Francois Perrier; date and place not given]

[Text] In an exclusive interview Minister of Planning and Regional Development Michel Rocard describes the directions he plans to follow. The crisis and the need for preserving precarious balances have moved him to adopt a cautious position. But the mood will change. Perhaps the places to be decided on too....

L'USINE NOUVELLE: What will be changed in the regional development policy, in any event as far as it concerns business firms?

Michel Rocard: On 6 July in Nantes I made clear what the new principles governing the regional development policy would be. The practical details will be described in December. Consequently, I don't want to commit myself concerning what is still being studied and will have to be subject to lengthy consultations. I would rather keep the pace of a mountain climber, that is, a relatively slow one that keeps you from losing your wind and lets you reach the top.

As a rule, we will continue to intervene so as to favor localizations as soon as they fall within the general framework of the program, which is to bring backward areas back into balance. This is a policy of national solidarity.

I am not strictly committed to subsidization, but I will see to it that subsidies are subsidies for economic stimulation and implementation, not subsidies for a survival that is only a survival if it receives long-term aid. As for me, I find that France is overspecialized in hopeless subsidies. This is not the case with regional development, but we are going through a period of economic crisis and it is thus all the more important for subsidies to be fully meaningful in terms of a dynamic process.

L'USINE NOUVELLE: Will the system of aid grants for localization be decentralized?

Michel Rocard: Yes, in part, inasmuch as small units are concerned, companies that provide from 30 to 50 jobs. It is very rare for operations of this size to require government intervention. Therefore, at that level we can decentralize not only without any difficulties, but even with a lot of advantages. Because, when they

are decentralized, management of such operations allows for more enlightened, better-informed decisions with more complete investigation of the effects thereof. At the same time, real correction of the situation also implies that the government remain in charge of larger operations. It is thus a matter of threshold.

L'USINE NOUVELLE: It may be risky to let local communities systematically aid firms.

Michel Rocard: I tell you: Aid to stimulate the economy, yes; permanent subsidies, no. The criterion is a simple one but applying it is rather difficult because often these issues are not dealt with in the applications. Fine distinctions will therefore have to be formulated, the details of which will appear in December.

L'USINE NOUVELLE: Do you anticipate modifications in the map of priority areas?

Michel Rocard: The map of priority areas is subject to review every 5 years. It will therefore be reviewed at the end of the year.

L'USINE NOUVELLE: For the time being, do you have any directions in mind?

Michel Rocard: I do, but I won't tell you about them.

L'USINE NOUVELLE: Any pressures?

Michel Rocard: Mainly because this reform will form the subject of broad discussion. I therefore reserve my proposals for that occasion.

L'USINE NOUVELLE: Will the approval procedure for Ile-de-France be eliminated?

Michel Rocard: No. I am an elected member of Parliament from Ile-de-France and I have suffered from the clumsiness of the approval procedure. But, first of all, only 4 percent of the applications have been rejected. That is a very small part of the total number and this is almost never the case for the PMI [small and medium-sized industries]. And second, approval is still a procedure that enables us to enter into dialogues with large combines in order to seriously raise the question of decentralization with them. There will be no decentralization if this ability to negotiate disappears. It is nonetheless true that for the past 10 years 50 percent of the industrial jobs have been created in Ile-de-France. That's a lot.

L'USINE NOUVELLE: But this region has during the same period lost 300,000 industrial jobs!

Michel Rocard: Because I am familiar with both sides of the question, I want us to come up with delicately shaded solutions. I would even go so far as to say to you that it is true that the Paris area is better than the others in terms of creating jobs, more than its national quota. Therefore, all the others have a tendency to say: "Let's catch up with Paris; let's have equal rights." But at the same time it is true that we live in a world in which economic competition is getting to be more and more serious and more and more untamed. We must leave our fortresses, and France's economic fortress is the Ile-de-France region. As for me, I hope that the policies that have been applied will not in any way be weakened.

I have criticized and will continue to criticize the policy of action by cuttings. You cut off a healthy branch, transplant it and half the time it fails to take hold. We do not have to ban the use of this plant cutting technique, but we do have to limit it. And encourage better autonomous methods of creating jobs by each of the decentralized regions.

Regional decentralization will really come into its own in the economic domain. I am thoroughly convinced that regional development is something that will spread, a matter of job continuity and of cooperative action.

The chain that runs from basic scientific research that sets a value on traditions, local resources or abilities involving all sorts of facilities and services to the existence of research departments capable of contriving the kinds of necessary investments compatible with local life styles, not superimposed on Parisian standards, to the creation of factories and to the existence of businessmen who are willing to run the risks involved and whose roots are regional, is a necessary one. This is an integral whole. As long as the chain is incomplete, there will be weaknesses.

L'USINE NOUVELLE: Do we now have the means for such cooperative action? Actually, DATAR's [Delegation for Territorial Development and Regional Action] role these past few years has been rather that of "fireman" for disaster areas.

Michel Rocard: Not only that, fortunately, but certainly a bit too much so. I am determined that we must assume a supporting role and achieve a level of development that will only be meaningful if it is controlled. Regional government must have the right to invest based on regionally available credit in order not to force heads of firms to have to resort to Paris banks, where they are not familiar with their problems but where the power of decision lies and where decisions are made too quickly in terms of criteria alien to those of the region in question, is a necessary one.

L'USINE NOUVELLE: Aren't you afraid of outbidding among local communities?

Michel Rocard: There is a danger of that, but one that is preferable to the danger of paralysis. Employers will realize that socialism is not bureaucracy, but rather broad competition, even among local communities. We will have to have guard rails. At any rate this danger seems to me to be less serious than that of decisions against which there is no appeal made by hypertrophied administrations.

L'USINE NOUVELLE: What is the government's policy on foreign investments?

Michel Rocard: The government has in the clearest possible way stated that employment is our top priority. Consequently, if, over and above the abilities of French investors, the response to a local problem can be provided by foreigners, why not? This is easier to do when there are no French competitors for a given product than when there are. Where this is concerned it is not a question of policy. We handle these applications case by case. Our policy is that we not only have nothing against them, but rather we favorably regard foreign investments, on condition, of course, that they are subject to French law.

L'USINE NOUVELLE: Are the regional plans (the Southwest, the Massif Central) being maintained? Will there be others?

Michel Rocard: These were hasty operations, conducted for overtly electoral reasons and without any real discussion with members of Parliament. As a result, most of the Socialist representatives condemned, criticized or at least vehemently debated them. We don't like the way they were handled. We prefer to spend a little more time and arrive at a level of more contractual and more detailed relations with regional authorities. That being the case, commitments have been made by the government. Matched with loans, they have not been terminated at a moment's notice.

The policy I am going to pursue with regard to these problems will first of all involve inventorying. For the Southwest the problem is to make an exact accounting. Who did what? Operations recorded under this heading without credit per se having been set aside for them have been referred to as the "Southwest Plan." And measures that have not at all been localized in the Southwest have been financed in the name of the Southwest Plan. So it is not easy to draw up an inventory, but we owe it to the representatives responsible for them.

I hope that the different regions will receive equal rights taking into account their unequal situations. While Nicole Questiaux is the solidarity minister for individuals, I am somewhat of a solidarity minister for firms and regions. Therefore, I don't want to put an end to procedures and financing arrangements that are deemed useful or positive, but I do want people to acknowledge themselves in terms of policy and for this to gradually be incorporated into more contractual relations with the government.

L'USINE NOUVELLE: Have the decisions on decentralization announced by the previous administration been challenged? The transfer of SNCF [French National Railroads] services to Lyons, for example....

Michel Rocard: The principle of continuity of government action is just as fundamental as that of the nonretroactivity of our laws. Regarding the example you have just referred to, the reports left my ministry, following a decision I had strongly opposed at the time in terms of the way in which it had been reached, and are now being followed through on at the Ministry of Transportation. I have therefore informed my colleague, Charles Piterman, so that this matter can be reexamined, if that is still possible. In future I will definitely adopt a different attitude, so that decentralization is no longer handled dictatorially and secretly.

L'USINE NOUVELLE: What deadlines do you anticipate in the domain of major facilities, the Rhine-Rhone link-up, for example?

Michel Rocard: I would prefer not to retain this or that major facility, rather to return to an administrator of navigable waterways plan. I have, moreover, said as much to two successive ministers of transportation and they agree with me. I hope that this proposal can be integrated into the 2-year plan. At any rate, this is an important matter and it may be impossible to stick to the deadlines. The response to this problem, however, involves not only facilities; we have to finance the construction of a fleet and help this occupation to market its services better, to get shippers to resort to water transport, all of which implies an active commercial policy, not before, but rigorously while we are creating the facilities.

The Rhine-Rhone system doesn't stand a chance of very rapidly becoming the most heavily frequented of our navigable waterways in terms of goods traffic.

Consequently, to develop this form of transport, we have to improve our link-ups within the waterways that have major traffic potential: Seine-North and Seine-East. I am not saying that we should not simultaneously work on the Rhine-Rhône system; I am merely saying that there is an overall problem.

All this, including the operations timetable, stems from a collective interministerial deliberation that should result in the administrator of navigable waterways plan that I have for a long time insisted on. I, the minister of planning, refuse to speak in favor of an isolated facility. The plan is first of all the establishment of a coherent situation.

L'USINE NOUVELLE: DATAR has often negotiated with big companies over the installation of units or the granting of franchises. Would you use the nationalized companies as pilots for such operations?

Michel Rocard: Naturally, we would because the public sector ought to play a leading role, but other companies must not be excluded from this measure. As soon as firms get big enough to be able to absorb the shocks of the economic situation better than small ones, responsibilities are created in the name of which the government is justified in requiring them to contribute to the equilibrium of the region.

L'USINE NOUVELLE: In any dispute the social partners demand that the employment level be maintained. Will the government privilege employment to the detriment of productivity? Given the present situation, can we close down a steel mill in Lorraine?

Michel Rocard: The social partners demand the maintenance of jobs all the more because no new ones are created. A country that is reduced to defending daily existing jobs in existing factories because of disorder in the employment world runs immense risks in terms of its future. You can bet that union members know this as well as anyone else! But since their position is one of people who are first of all engaged in a defensive battle, we understand them and, since we understand them, we respect them. What matters is that these attitudes, of the government or social partners, should be only transitory. We will not get out of this situation without a more creative employment policy. This in every case means that opting for the maintenance of employment to the detriment of the ability to compete is only understandable if nothing can be done to make the firm itself more competitive, if there is nothing that would lead us to expect the creation of a competing firm in the near future or if there is nothing that would lead us to anticipate a reconversion. But, of course, the motivating force behind employment is still the ability to compete.

L'USINE NOUVELLE: Since the election, business firms have been expectantly waiting for the decisions you will have to make. Isn't it possible to provide them with assurances sooner?

Michel Rocard: I am aware of this and I somewhat understand. We are waiting for the parliamentary sessions in the fall which will deal with these decisive points: the finance law, the fiscal reform bills, decentralization, nationalizations and the 2-year plan. We are determined to see to it that these reforms succeed, that

they are pursued in a productive economic direction. As far as acting more quickly is concerned, we cannot be expected to rebuild France in 2 months. We cannot transform the entire administration into active firemen. If we were to unceasingly provide for our most pressing concerns, we would no longer retain our overall perspective of the situation. Now this is what we need at the present time. We must have a plan for the future that inspires confidence in the country and set firm and clear directions to follow. It will be the role of the plan to express this coherence and this hope.

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**SPO ECONOMIC REPORT PREPARED FOR NATIONAL SECURITY COUNCIL**

Istanbul DUNYA in Turkish 20 Jul 81 p 1

[Text] A report entitled "1981 Turkish Economy: First Half-Year Developments," prepared by the State Planning Organization [SPO] for an economic briefing of the National Security Council [NSC], predicts the growth rate for 1981 as 4 percent.

The SPO report says that the growth rate, set at 3 percent in the annual program, will achieve this goal as a result of positive developments in production and investments in the first 4-5 months and will "probably" be around 4 percent.

**Foreign Exchange Nearly \$9.4 Billion**

The report discusses developments in Turkey's foreign exchange budget in the first half of the year and expectations for the second half, saying, "Foreign exchange revenues for the first half of 1981 rose 42 percent as compared to 1980."

The report says the following about foreign exchange revenues:

"Combining the trend thus far with estimates which may be considered cautious, it is seen that 1981 revenues will increase considerably over past years, reaching \$7.3 billion, and that, adding to this the use of \$2 billion credit, almost \$9.4 billion in foreign exchange will be available for use."

**\$103 Million Foreign Exchange Deficit**

The report notes that the total foreign exchange outlay will be \$9.43 billion, including \$7 billion paid for imports and \$2.43 billion total paid in principal and interest on foreign loans, as opposed to \$9.337 billion in foreign exchange income.

The deficit expected between foreign exchange income and expenditures is \$103 billion, and the report says that balancing it will be possible through short-term foreign exchange activities.

**January-April Deficit \$78 Million**

Meanwhile, reported revenues for the January-April period were \$1.975 billion, consisting of exports, worker remittances, tourism and other exchange of services, total credit used was \$611 million including the \$226 million tranche of IMF credit, bringing total foreign exchange income to \$2.586 billion. On the other

hand, \$670 million were paid in principal and interest on foreign loans and import expenditures were \$1.998 billion, bringing the total foreign exchange outlay to \$2.668 billion. Thus, the deficit in the foreign exchange budget for the first quarter was \$78 million.

#### Imports \$8.5 Billion

The SPO report states that imports, scheduled at \$9 billion in the 1981 program, came out to \$8.5 billion and continues as follows:

"Of the \$9.337 billion foreign exchange available for use, \$2.4 billion may be allocated for loan payments and approximately \$7 billion for import transfers. In this situation, it is understood that total imports will take shape at around \$8.5 billion, taking into account self-financed imports also. In this situation, exports will be \$4 billion, exceeding the \$3.5 billion programmed, and imports will be less than the \$9 billion target."

The SPO "1981 Turkish Economy" report also makes note of important developments in foreign exchange earning procedures.

While noting that the economic policies had produced positive results in many areas, the report indicates in the "Exports and Exchange of Services" section that a reversal had begun in 1979, but rapid development beginning in the final quarter of 1980 gained even more impetus in the first 5 months of 1981.

Indicating that, vis-a-vis this development, exports were 44.5 percent higher in the first 5 months of 1981 than in the same period of last year, the report says, "In addition to the general increase in exports, two structural changes are being observed. Exports of industrial products consisted of 34 percent of the total in the January-May periods of 1979 and 1980, but rose to 44 percent in 1981. While the growth rate of these exports was 10.5 percent at the end of May 1980, it rose to 89.5 percent in May 1981."

The first-quarter growth rate in worker remittances was 20 percent higher than the same period last year and worker remittances reportedly will be \$2.5 billion by the end of the year. The report says that the number of contracting firms working abroad and the amounts of their contracts are growing rapidly and indicates that the business volume of 81 firms as of June 1981 was \$5.7 billion, and the amount of foreign exchange obtained through this channel was \$56 million in 1978 and \$99 million in 1980.

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CSO: 4654/121

## BIRAND EYES NECESSITY OF OECD AID

Istanbul MILLIYET in Turkish 24 Jul 81 p 9

[Article by M. Ali Birand: "Should Turkey Give Up OECD Aid"]

[Text] First, the German diplomats with whom I talked in Bonn had begun saying, "Very difficult." Then German Prime Minister Schmidt said almost the same thing in a statement he gave us. OECD authorities had asserted that the "old drive and enthusiasm are steadily waning." Lastly, an IMF official recently added the final punctuation: "This matter is now considered finished."

The topic is OECD aid to Turkey.

Developments clearly show that the OECD aid, the life preserver keeping Turkey's head above water since 1979, is now coming to an end.

Examining all the data, one sees that Turkey would get better results by giving up this operation of some 3 years on its own volition and shifting its weight to bilateral agreements instead. Though quite some time remains until the spring of 1982 (fourth OECD commitment), we should start thinking about it now in order that plans might be made.

Why it has come to an end:

1. The label attached to this aid, consisting of state credits obtained from OECD, when it began was "medium term." Medium term means 3 or 4 years to Westerners. That is, it is now considered to be winding down.
2. The purpose of the OECD aid was not to solve all of Turkey's economic problems or to meet all of its requirements, but to be able to make the first push, to offer the first emergency support to the economy at the most difficult time. At the same time, it was to be a symbol of the Western governments' support for Turkey's stabilization program.

For the Western governments, these two elements have been realized and their purpose has been accomplished. From now on, it is up to Turkey.

3. The nations contributing to OECD aid, especially Germany, are having great economic difficulties of their own and the situation will reportedly remain thus for at least 2 more years. For this reason, even while governments are cutting

back the social outlay in their budgets, they also have to reduce their aid programs to other nations. This showed up in the 1980 operation; next year will be even more difficult. Germany, for example, had to cut back officially all state spending for its aid to Turkey. It is being stated publicly that Germany's contribution in 1982 will be lower.

4. It is understood that certain nations, for some other reasons also, will have to reduce their contributions or not contribute at all next year. Parliamentary and public pressures have already led some nations to state openly that they will have difficulty participating in the 1982 contract meeting.

There are other reasons, of course, which can be added to those we have considered above.

The outcome is that one estimate being made in Western capitals is that Turkey will not be able to get a commitment of more than \$500 million-\$600 million from the OECD in 1982. OECD authorities, too, are saying that, with their most optimistic estimates, getting up to \$700 million would be considered a "great success."

You would not believe what a difficult and delicate undertaking the operation set up in the OECD for the past 3 years has been. Meeting individually with each nation, answering the thousand and one questions they have, then getting them all together at one meeting to explain to their satisfaction the past year's accounts and the next year's predictions, making constant overtures to each nation through their ambassadors, trying to get them to raise their contributions by a few million dollars, and since the contributing nations have to get the approval of their national parliaments first, creating a milieu to give them at least a modicum of influence in our internal and external problems.

All these months of sweat and toil to get \$500 million or \$600 million credit, not knowing, moreover, how much it will be or when it can be used.

Turkey received credit commitments of \$3.134 billion in the past 3 years. Approximately \$1 billion of this still has not been used. There are nations which have not yet been able to sign the agreement despite having committed themselves in 1979.

The OECD or IMF credits used as a "show of support" to international financial circles rather than for their proceeds have now finished their job. The foreign resources needed for the success of our stabilization program have now reached the stage where they can be met, not by these organizations, but by the banks. It is sufficient that the OECD and the IMF give the Turkish program a green light through their reports.

So in such a climate, Turkey may gain more than it would lose by giving up the OECD operation next year on its own volition.

--No harm would come, because the economic support from the United States and Germany, which cover 65 percent of the OECD operation, would perhaps be able to continue for a few more years through bilateral agreements.

--It would be beneficial, because it would imply that the Turkish economy is gaining confidence in itself and may make it possible to avoid the opposite interpretation, if only \$500 million-\$600 million turn up next year, that "the mountain labored and gave birth to a mouse." It may also prevent interpretations of the reduction in aid, which to date has been \$1 billion, as an indication that the OECD governments have begun to lose confidence in Turkey.

--It would be beneficial because Turkish society would be happy to see that the stabilization program was beginning to produce its first results (at least psychologically) and that Turkey was on the way to freedom from being a beggar nation.

Next year's OECD credit is already showing that it will not be worth the economic, political and social burdens it will cost us. The only way for Ankara now is the banks. It is not worth all the work for a few hundred million dollars.

The best thing would be to start formulating a new method now without waiting until the last minute.

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**BUSINESSMEN ASSESS HALF-YEAR ECONOMIC PERFORMANCE**

Istanbul DUNYA in Turkish 20 Jul 81 p 1

[Text] Ercan Holding General Coordinator Ali Nizamoglu said, "Economic developments followed a generally positive course in the first half of 1981." MAT [Motorized Vehicles Trading Corporation] General Director Aydin Dundar also said that the economic stabilization policy was successful.

Ali Nizamoglu said that the developments which might be termed positive economic indicators for the first half of this year were increases in exports and the share of industrial products within exports, the increase in worker remittances and the drop in the inflation rate, increased savings deposits in the banks as the result of the release of bank interest rates and, therefore, growth in the tendency to save. He said the following in a statement to our newspaper:

"However, the squeeze which began last year in certain sectors producing for the domestic market alone as a result of the structural change brought about by the stabilization measures continued in the first 6 months of 1981.

"Essentially, there was a trend to make up losses on the home market by turning to the foreign market and, for this reason, there was quite a bit of activity in the first half of the year in the sectors producing for export.

"Also, as a result of the economic policy applied in this period, investment activities are shifting heavily to the sectors having export opportunities."

**Foreign Capital Growing**

Commenting on the growth in foreign capital investments that came with the economic stabilization decision, Nizamoglu said:

"There is positive growth in the tourism sector as compared to previous years and tourism income for 1981 is expected to reach \$500 million.

"On the other hand, shipments of goods via our country to the Middle East and Arab nations and the accumulation in our ports of materials destined for these nations because of the Iraq-Iran war have substantially encouraged the transit trade, and it is understood that our country will acquire a substantial foreign exchange input if the best advantage can be taken of this potential.

"Important decisions were made in this regard in the first half of 1981 and, since they have begun being implemented, the transit trade is expected to bring in substantial foreign exchange by the end of the year.

"If these trends and policies continue in the years ahead, there will be a question after a while of the economy's stabilizing on its own, with supply and demand and foreign exchange in balance."

Ercan Holding General Coordinator Ali Nizamoglu concluded his statement by expressing the following views on the profitability status of business in the first half of 1981:

"Companies which, in parallel with the above general situation, have turned to exports, adapting to economic developments, have been able to keep their profitability at a specific level, but profits have declined in the sectors with sales difficulties whose sales have dropped and some have even gone in the red."

#### MAT General Director Aydin Dundar

MAT General Director Aydin Dundar said, "The economic stabilization program being applied was generally successful in the first 6 months of the year."

Recalling that the stabilization program was intended primarily to brake growing inflation and to restore economic balance, Aydin Dundar said the following in a statement to our newspaper:

"The end of the first 6 months of 1981 marks a rather long stage of 1.5 years. Taking stock is necessary from this standpoint. In saying that the results are positive, I would like to stress the following points:

--The rate of inflation was cut. Price increases for the first 6 months of 1981 are expected to stay around 15 percent. This is a positive point, considering that they were around 60 percent in the first half of 1980. It is thought that price increases will be around 35 percent-40 percent as of the end of the year.

--Exports rose 40 percent (compared to 1980). Foreign exchange input was grown at the same rate.

--Extreme care is being taken in the money supply. The new tax laws which went into effect in March 1981 have stepped up tax collection. The public sector became able to finance the general budget itself. Moreover, some monetary demands have been removed from the marketplace in this way.

--Transfers were progressing normally until May.

--The interest policy applied since 1 July 1980 raised deposit interest limits substantially. Real savings increased in conjunction with this."

Stressing the importance of these positive developments to economic stability, Dundar said that the basic goal should be growth of the general welfare, continuing as follows:

"Growth in national income means fair distribution of growth to individuals. Looking at it from this standpoint, it is rather hard to find the present situation equally positive.

"A general and pervasive recession is occurring despite price increases, albeit small. Price increases despite the absence of sales stems from increased cost input, that is, from cost inflation. Ever since the first of the year, the Turkish lira has been losing value against the dollar. Moreover, interest (cost of money) accounts for around 5 percent-20 percent of costs, but this has grown because of increased credit interest.

"This situation has caused price increases despite large inventories, especially in basic commodities. The public sector has reduced its investments in the interest of balancing the budget, and the private sector has lost all desire to invest via-a-vis the market development explained above. As there is no growth without investment, the increased exportation and price stability which seem positive at present will be impossible in the long run.

"Moreover, the fact must not be ignored that there will be important differences between the economic policies applied in nations with economic structures working at full employment or a level close to full employment and the economic policies applied in developing nations where the employment level is very low."

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## MUMCU SKETCHES VIGNETTE OF VICIOUS ECONOMIC CIRCLE

Istanbul CUMHURIYET in Turkish 26 Jul 81 pp 1, 9

[Article by Ugur Mumcu in the column "Observation": "To Make the Beautiful Weep"]

[Text] It is not as though the cost of living were coming down; just look, in the big cities, a doctor of 27 years, who has two children and whose wife also works giving them a monthly income of 50,000 liras, has a hard time even making ends meet. So what? So civil servants who make even less are scraping the bottom of the barrel, that's what.

A civil servant making 15,000 liras per month -- what does he eat? What does he drink? How does he pay his rent? How does he look after his children? What kind of vacation does he take? How does he buy a newspaper, or manage to read a book?

The incredible thing is that the disease we call "corruption" stems a little from this also. "Inflation is the root of all evil," they say; it's true.

There is a special reason for our emphasis on doctors' salaries. Certainly all civil servants suffer even worse under this relentless high cost of living. But when distinctions are made as to "all day" or "keeping office hours" between the doctors who work in the same state hospitals, different income brackets appear within the same professional category and the injustice becomes complete.

As if this were not enough, salaries were raised and then taken back after a while. The doctor who made 45,000 liras last year makes 35,000 liras this year; the one who made 32,000 liras last year makes 10,000 liras this year. The doctor, relying on the state, established his life style accordingly, renting a home appropriate to this salary.

Now what should he do?

Taxes have come together, fringe benefits have been lifted, on-call pay has been cut, and so on and on. The state should have thought of these things beforehand and, if it was going to give the doctors a certain amount of money, it should have given it to them. The state is not a grocery clerk to say, "Ahh, I made a mistake," and start figuring all over again.

The doctor who relied on the state, on whom is he to rely now?

Everywhere in the world, certain professions are accorded special privileges. These privileges are a mark of the importance of the profession. The privileges accorded a profession are essentially a guarantee provided to a society. For example, the state must give the highest salary it can to judges and prosecutors, because the judge, who renders decisions "on behalf of the Turkish nation," and the prosecutor, who brings suit and gathers evidence on behalf of the public, should not be beholden to others or indebted to them.

Judges and prosecutors who try bloody criminals, coming face to face with them every day, and who bring these criminals to justice on behalf of a society, of a state, what legal guarantee do they have against the mental strain under which they work?

Is it not the same for doctors? The doctor has to heal the hundreds of sick who come under his care every day, and if he is thinking about paying his rent, if he is worried about caring for his household and children, how can he show the necessary concern for the ill?

Doubtless, he cannot. Doctors are people, too. They have likes and dislikes.

Now it is summer: He will use his annual leave to go on vacation. What kind of vacation is available to a civil servant, a doctor of 27 years who makes 19,000 liras, 15,000 liras, or at most 35,000 liras?

We are talking about the "tourism boom." What kind of vacation can the citizen who is a family man have in Ayvalik, in Oren, in Foca, in Marmaris, in Bodrum? If he is going to eat at one of these seaside resorts, can he say, "Son, bring me a fish"?

If the fish arrives, it is not just any fish, but Aphrodite herself, to look at the bill.

So let tourism boom, what is it waiting for?

And what difference does it make?

A doctor of 27 years should spend 21 years in schools and hospitals, 11 in middle education and 10 in higher education and internship, studying, straining his eyes, burning the midnight oil; he should serve devotedly for 27 years in the state hospitals; let him do all that, yes, but don't let him be able to take his family to the seashore for a summer vacation. And then look at him, a profiteer, a black marketeer!

There is an Ankara folk song, do you know it? You probably do; it goes like this:

"This is the custom that we have, they make the beautiful weep, they make the ugly sing..."

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## POSITION OF KREISKY, POSSIBLE SUCCESSORS VIEWED

Munich SUEDDEUTSCHE ZEITUNG in German 5/6 Sep 81 p 8

Article by Hannes Burger: "Tuning Up for Austrian Succession Waltz"

Text Every summer, when "Emperor Bruno" went off to Mallorca to relax in the sun, Austria's bourgeois-conservative press began to speculate at length about who his "crown prince" might be. In the process, they regularly tried to trip up the potential sorcerer's apprentices and Kreisky successors by putting tricky questions to them in interviews conducted during the master's absence.

This year, for a variety of reasons, this Austrian political practice which was as predictable as the old Alpine customs ushering in the spring largely fell by the wayside. On the one hand, chancellor Kreisky did not stay in Mallorca long enough to air out his summer home properly but went to Bad Woerishofen in Bavaria to be interviewed there but even interrupted that vacation to fly to Vienna several times to conduct "bankruptcy summits," as cynics called the series of discussions on the future of ailing industrial enterprises. On the other hand, the second rank behind the chancellor has been undergoing structural changes for the past year with none of the new men as yet really fitting the description of a crown prince.

Above all, the three outstanding deputies Kreisky has in the government, in parliament and in the party --Fred Sinowatz, Heinz Fischer and Karl Blecha-- are not as yet unconditionally motivated to succeeding to the chancellorship. Each in his own way, in fact, would be quite content to have the chancellor, who has been in office since 1970, run again in these parlous times for both the government and the SPOe and even at the age of 72 lead the fight for control of parliament in the next election in the spring of 1983.

Kreisky, who had by and large lost interest in politics for a time, will not make his decision on a new candidacy known until next year. In any case, he has provided for the future, if he should encounter health problems between now and the parliamentary elections in the spring of 1983. There is no doubt but that the three leaders of the SPOe's second rank would each take over the top job and act as a team: minister of education and vice chancellor Fred Sinowatz would head the government; deputy party caucus chairman Heinz Fischer would head the parliamentary fraction, and deputy party chairman Karl Blecha would head the party.

The classical "crown princes" of years past, Hannes Androsch and Leopold Gratz, are by no means entirely out of the running but fully occupied with their jobs in secondary political arenas for now. Vienna's mayor Gratz must first see to it that he and his administration recoup their losses incurred in the General Hospital scandal while Androsch, the newly appointed director general of the Creditanstalt, has his hands full creating a new image for himself as a distinguished banker and a politically cautious economic leader which is difficult enough for a hothead like him.

For the time being, none of the current No 2 men can be considered a successor to Kreisky in all three functions the chancellor now holds. This would conform to a statement Heinz Fischer once made in referring to nicknames given to Kreisky such as "sun king" and "Emperor Bruno." It is not unlikely, Fischer said at the time, that the "monarchist" phase of the SPOe might some day be followed by a "republican" era. The new configuration in the SPOe does tend to indicate that the self-inflicted body blows of the past year to the contrary notwithstanding the SPOe has a far easier time of it than the OeVP to come up with a team of experienced, highly qualified leadership personalities from its own ranks, if not with a real alternative to Kreisky himself.

Optimally relieved on nearly all levels by this triumvirate of middle-aged politicians, Kreisky, as the grand old man of the party, can launch a new political offensive this fall and then gauge by its impact whether this configuration is the one with which the SPOe could successfully wage the parliamentary campaign. Since OeVP chairman Alois Mock, as his party's only truly qualified candidate on a national level, will have to run his own race, covering up for the weaknesses of his team, his contest against the Kreisky team reminds one of the no-win race of a hare against a veritable horde of tortoises.

But the situation would change drastically, if Kreisky were not to run again, either for health reasons or because he no longer felt like it. Under these circumstances, the SPOe would have to come up with a new candidate for the chancellor's office from among its well-represented second rank. The party would have to decide

whether that candidate should assume all the leadership positions right away or whether it should go before the voters with a triumvirate such as Schmidt, Brandt and Wehner did in the FRG. But this particular German example does not seem too attractive to the Austrian socialists any longer.

However things will turn out next year, the SPOe can draw on the more powerful reserves-- in terms of personnel, of tight party organization and the strength of its platform. The question, readily and frequently discussed during the vacation season, as to what the SPOe would amount to without Kreisky can be answered as follows: Without him, it would lose a lot but would still have enough weight politically that Austria could not be governed without it. It would be the grandest illusion of all for the OeVP to think that Kreisky, the exceptional politician, is all that stands between them and a return to power.

As distinct from financial genius Hannes Androsch, the allegiance to socialist principles of Sinowatz, Fischer and Blecha cannot be doubted. On the contrary; their long-time adherence to socialist dogma turns them into ideologues, if anything, in the eyes of their political opponents. But this is hard to prove to the voters, since all three, though they espouse social reform to change society, are experienced enough not to state their leftwing case like radical young theoreticians but in a popular or even populist fashion.

Although Austrian parents in large numbers complain year in and year out about the education system, about educational reform or the lack thereof, long-time education minister Fred Sinowatz has managed to remain popular. In all reforms, he has shown a sense of proportion and a readiness to compromise.

A major handicap that would prevent Sinowatz from assuming the chancellorship is not a lack of political ability but rather his physical appearance. He is a small, roly-poly man with a big vintner's nose that makes it difficult to convey the image of a brilliant statesman to today's TV society. But of all three Kreisky lieutenants, he is the one that radiates the kind of Austrian liberality and the easy-going air that are needed to appeal not only to the 40 percent who normally vote for the SPOe but to win over some bourgeois elements by freeing them of their fears of socialism.

The chairman of the socialist parliamentary caucus, Heinz Fischer, has good looks, great intelligence and, by Austrian standards, an unusually precise way of expressing himself. He parries all parliamentary thrusts by the opposition with a mixture of rhetorical acumen and a readiness to compromise on content. Ideologically, he is considered as belonging to the left wing of the party, but is also known as one who gets bogged down in tactics and hesitates when more aggressive, power-oriented action would be called for.

But because there is a cool, intellectual aura about him, no one in the party now thinks he will ever become a true campaigner like Kreisky or a "locomotive."

The same applies to Karl Blecha who of the three lieutenants most conforms to the popular image of the perfect functionary and the clever party manager. But it is Blecha who has undergone the most noticeable change over the past half year and who has altered his public image faster and more successfully than anyone would have thought possible. At the last party congress in May, he was relieved of his post of secretary general of the SPOe and so rid himself of the necessary, though unpleasant, role of day-to-day political infighter. His advancement to the post of first deputy party chairman has given him the de facto job of acting chairman, the more so since he also enjoys Kreisky's full confidence.

Blecha, a sociologist who knows all about polls and influencing public opinion, has also done his best to promote the desired change of his image by altering his outward appearance. By going on a rigorous diet and changing to more stylish suits, he has transformed himself from a pudgy man with a round bulldog's face that went well with his combative role to something of a fashion plate. Hardly anyone is more familiar with the SPOe in all its nuances than he.

As opposed to the other two Kreisky lieutenants, Karl Blecha is said to have retained an abiding interest in attaining power throughout. At the very least, he seems to be singlemindedly able to handle the apparatus of a government party, rich in tradition and influence, with a membership of 720,000, which comes to 10 percent of the Austrian population. Since it is not always easy to do this job and be popular at the same time, it will take a while to turn the 48 year-old party functionary Blecha into a statesman. That is why SPOe insiders say: If a successor to Kreisky is needed soon, it will be Sinowatz. But if Kreisky can hold on for a time, Blecha's star will be in the ascendancy. The fact that Blecha not only has time, but also needs time is probably what Kreisky likes so much about him. Because people who push and shove Kreisky cannot stand next to him.

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## FREEDOM PARTY'S POLICIES, LEADERSHIP VIEWED

## Prominent Advisors

Vienna PROFIL in German 24 Aug 81 p 15

Article by Josef Votzi: "Steger's Shadow Cabinet"7

Text7 The approach he takes is patterned after his secret idol, Bruno Kreisky. For weeks now, FPOe chief Norbert Steger has been dropping names at press conferences and in newspaper interviews, such as "my economic advisor, bachelor of commerce Georg Mautner Markhof" or "the well-known security expert Wilhelm Kuntner has said" or still "I am also talking with Fritz Molden, the publisher."

But when KURIER bluntly asserted last Monday that the FPOe chief has already picked a shadow cabinet consisting of four ministers, Steger was quick to issue a firm denial. "They are confusing my personal advisors with the number of ministerial posts I might conceivably be looking for," Steger said, adding that he was merely laying the intellectual groundwork for the election campaign by mounting an offensive to work out an economic, a judicial and a security program.

In 1970, Bruno Kreisky had 1400 experts advising him in their special fields; in 1981, Norbert Steger expects to get the same job done with the help of "about 500 people." In mid-October, the smallest party represented in parliament intends to kick off its campaign for the intellectual rearmament of the economy with a large rally in Vienna. The most prominent economic thinkers in the FPOe camp are Georg Mautner Markhof and Carl-Eberhard Moldan.

The present strongman of the Mautner clan, running the family yeast, mustard and liquor business, has long been a favorite of the FPOe treasurer's. As an FPOe member of long standing he had been known as a generous contributor. But now, for the past "one or two months," Mautner Markhof himself says he has been advising the party chief. "I consider him a very intelligent politician," Mautner graciously says; "one who is still modest enough to listen."

Another man he listens to is Carl-Eberhard Moldan, president of the Salzburg industrialists' association. Moldan, who owns several hotels, a construction firm and the Salzburg plaster works company which has 100 employees, has belonged to the FPOe since it was founded and until 1968 was deputy chairman of its Salzburg land organization. His economic philosophy and Mautner's is such as to pass the party's existing platform on the right. "We are likely to come up with a liberal-conservative focus, about midway between Reagan and Lambsdorff," Steger says.

It is Steger's aim to induce those OeVP business people who consider their own party too christian socialist-oriented to come over to the FPOe which is intent on separating the economy from politics. As Georg Mautner Markhof puts it: "We cannot leave everything to the state; that is an appeal directed to business as much as anyone."

The wooing of supporters of a conservative, Reagan-like economic philosophy is beginning to pay off. Philipp Schoeller, the head of the federal chamber of commerce and industry's industrial branch, and Franz Burkert, president of the fiduciary association and former trustee of "Consultatio," are both giving thought to joining Steger's team. FPOe advisor Mautner Markhof is already engaging in rough talk: "Our proposals are going to be very extreme and far-reaching," he says.

General Wilhelm Kuntner, the retired head of the defense academy, is somewhat less definite concerning his association with the FPOe. "I have had lunch four times with Dr Steger at the Hilton," he says. "He wanted to hear what I thought of the international situation." The 65 year-old military man is amused by the KURIER story naming him a member of the FPOe shadow cabinet. "I have read similar stories before," he says. Nonetheless, Kuntner, a card-carrying SPÖe member, is not about to "rule out anything" for the future as an advisor of Steger's.

Steger himself denies having made any promises to his prominent interlocutors. "If someone does good work, that provides an opening of course; but he must also gain the confidence of the party." That is another thing Steger has learned from the American President: "Reagan has not given cabinet posts to all his advisors," he says.

Using a prominent name as a drawing card is something the achievement-oriented party chief consistently finds hard to resist. "Dr Partik-Pable is sure to join us in the judicial field," he says, as soon as she winds up her work on the general hospital case."

The view of the future of at least some of Steger's advisors is still clouded by memories of the past. Georg Mautner Markhof, for one, fully supports the FPOe decision to vote for Androsch's appointment to the Creditanstalt directorship. "If I had been there, I would have cast my vote for him, too," he says; "he is the best man for the job." But Salzburg industrialist Carl-Eberhard Moldan thinks otherwise, saying: "There really was no need for it." The experts of whom Steger himself says that "most do not belong to the FPOe at all" also tend to differ on the direction the FPOe train ought to take. But Georg Mautner Markhof already has an idea about that, too: "A coalition with the SPOe would be more effective," he says.

### Steger Interview

Vienna PROFIL in German 24 Aug 81 pp 16-17

Interview with FPOe chief Norbert Steger by Alfred Worm

Text PROFIL: How would your shadow cabinet get out of the present economic doldrums ?

Steger: There is no FPOe shadow cabinet.

PROFIL: Does that mean you are not offering any alternatives ?

Steger: Oh yes we do. Similar to France, what we need is a change of system.

PROFIL: But we already have a socialist government in Austria.

Steger: That is not what I mean. Our SPOe government here in Austria has been in power for 11 years. It is just as fossilized and spinning its wheels as the conservative government was in France. It was just as incapable of guaranteeing social peace as our government is. In 1975, Austria embarked on the road to an exaggerated centrally administered economy, a doctrinaire, centralized bureaucracy and faith in Marxist panaceas. We are now at the end of that road.

PROFIL: Whether Kreisky has reached the end of the line only the next elections will show.

Steger: The economy has, at any rate. There is no incentive and no motivation anywhere. In 1975, the tax burden including deductions for social programs stood at 36 percent; by 1980, it had climbed to 41.5 percent. Under these circumstances, no one is willing to invest, the more so since supplementary labor costs have now reached 95 percent of net wages. In Japan, they amount to 15 percent. Everything that is produced in third countries is cheaper by far.

PROFIL: What is the new FPÖe slogan then: Let's close Austria down ?

Steger: One possibility would be to turn Austria into a huge museum that would put the homo austriacus, our lakes, mountains and rivers and the Zwentendorf nuclear reactor on display for a fee...

PROFIL: And Steger himself would be posted at the museum gate...

Steger: There is another possibility, which is what we propose: Let us increase efficiency, mobilize our intellectual resources and let us kindly remember that in this regard we are ahead of three-quarters of all other countries.

PROFIL: You are merely theorizing.

Steger: No. I will give you some concrete examples. We must rigorously decimate the centralized apparatus of democracy, i.e. dismantle the bureaucracy that has reached the point of merely administering itself; we must do away with the concrete-and-glass palaces of the social insurance systems which are symbols, running into the billions, of inefficient cliques of functionaries; we must radically weed out and reduce social programs that cannot be financed. We must no longer manipulate our citizens as if they were immature but must make them better able to decide for themselves.

PROFIL: The idea being: Steger is cutting down ?

Steger: I get the double meaning. Now let us take the 30 Schilling residential allowance. It would not be a good idea to do away with it entirely. We want to reduce it by 10 Schillings and put the remaining 20 Schillings into a housing aid fund that will run into the billions, to be distributed on an individual basis cued to personal needs.

PROFIL: What about the child-bearing premium ?

Steger: Instead of these awards, I could think of measures that benefit children directly, like schools and kindergartens. In the long run, this premium cannot be financed, nor can it be maintained any longer.

PROFIL: What about free school books ?

Steger: No. I am in favor of the book rental system-- at no charge to the students, but cheaper.

PROFIL: But those are mere drops in the bucket.

Steger: Not if you add the 18 billion which our railroads spend each year. I cannot but agree with former Creditanstalt director Treichl and with the excellent PROFIL stories on this topic: It is just plain unbelievable how the federal railroads are run.

PROFIL: Would you do away with them altogether ?

Steger: No, but I would do away with its inefficient management and the overblown top echelons of its bureaucracy. The entire operation has to be checked out from top to bottom by a team of outside experts. We simply cannot have certain segments of the population obtaining privileges at the expense of all other tax-payers, like retirement at age 53 or 6 weeks of annual vacation.

PROFIL: Would you dare to take on our civil servants ?

Steger: I am not entering the lists against the civil servants or against the state but on their behalf. We do want to do away with those desk-bound bureaucrats who merely administer the administration and have long since reached the point of incompetence. But those civil servants, who are efficient, innovative and who are working for the people, should be remunerated correspondingly or, for all I care, be entitled to above-average salaries. German studies have shown that inefficient civil servants are responsible for a 4 percent loss in productivity each year. In our case, the figure is probably even higher. This calls for a lot of weeding out and the courage to cut down on the civil service.

PROFIL: Throughout the government ?

Steger: Wherever necessary, including the field of social insurance. I still get mad when I think of a TV interview in the course of which an official of the accident insurance administration lovingly patted his leather office furniture, saying 'now this is really high-class stuff.' We simply must put a stop to this senseless waste of money.

PROFIL: You mean to say you are opposed to equality ?

Steger: An able civil servant should not be paid according to the same scale as an inefficient one. A well-run business should not suffer in terms of productivity merely to have an inefficient state-run enterprise get its support from the taxpayer.

PROFIL: What about the health field ?

Steger: I am opposed to centralization and to construction projects undertaken to satisfy the prestige needs of politicians and physicians but not those of the population.

PROFIL: Then you are against the General Hospital ?

Steger: Yes; in principle.

PROFIL: Shelve the project ?

Steger: Unfortunately, the point of no return was reached in 1975. But it must stand as a negative symbol to wrongheaded health policies and as a reminder that a fiasco of this nature should not ever occur again.

PROFIL: Now what about the socialized industry ?

Steger: The situation is exactly as it should not be. It is shocking how little we politicians --and even more so the public-- know about the true conditions inside the socialized enterprises. VOEST director general Apfalter, for one, speaks of "dire" conditions in the steel industry but Blecha and Kreisky disagree. Now, I ask you: who is to be believed ?

PROFIL: You do not trust Kreisky any more ?

Steger: Now, at the end of his political career, Kreisky is making a serious mistake. Instead of concentrating on the creation of a new order in the Near and Middle East, as befits a cosmopolitan, he has turned his attention to the Austrian economy, a field about which he knows nothing by his own admission. Now that accelerates this catastrophic development.

PROFIL: And you want to join a coalition with this man ?

Steger: By no means. If this course is pursued still further, a coalition would be unthinkable.

PROFIL: With the OeVP instead ?

Steger: In economic questions, I tend to lean toward certain segments of the OeVP.

PROFIL: Such as ?

Steger: To the policy line such men as Robert Graf or Wolfgang Schuessel represent. Their principle of efficiency coincides with much of our thinking.

PROFIL: So there will be a coalition with the OeVP ?

Steger: I have no intention of climbing aboard a submarine that is about to sink.

PROFIL: Submarines have a tendency to do so. You mean to say you do not want to commit yourself ?

Steger: Exactly! We will not be able to make a decision until after the election. I have no idea which of the political submarines will be made to submerge by the voters. There can be no negotiations until the voters have presented us all with a mandate.

PROFIL: Kreisky, it is said, will not head the government as chancellor unless it is all-SPOe.

Steger: No sensible person will give his vote to the SPOe under such conditions. Once upon a time, Kreisky entered the starting gate along with his team; by now, it is just Kreisky and the team is no more. In my opinion, there are hundreds of thousands who no longer feel like voting for the SPOe as it is today.

PROFIL: You have called some members of the government "enemies of the state..."

Steger: I no longer use the expression "enemy!"

PROFIL: In other words, Broda now is your non-enemy ?

Steger: Under Broda, practices have spread throughout the judiciary that are no longer compatible with the principle of equality of all citizens before the law. Under interior minister Lanc, Austria is in danger of becoming a security risk and the minister of social affairs, Dallinger, has plans that are downright ruinous.

PROFIL: So you are against shortening the work week ?

Steger: I am against it at all costs. It must be decided on a case-by-case basis. Dallinger wants to protect jobs by letting everyone work fewer hours. But jobs are not protected on the basis of mathematical formulas because in the end when everyone works fewer hours, the time may come when there will be no work for anyone at all. Dallinger has not understood the signs of the times.

PROFIL: You mean to say you are against protecting jobs ?

Steger: Nothing of the kind. I am merely against the present SPOe strategy of dealing with the problem. They are lavishing billions --as the VOEST, VEW and Eumig examples show-- on systems of the past, to no purpose. In the end, the billions are down the drain

and these outfits have to shut down just the same. This scattershot system that goes by the name of "protecting jobs" has to stop once and for all. The timely realization that an inefficient enterprise is finished does more to save jobs, if the billions needed to "bail out" the enterprise are made available to businesses that are thriving. VOEST, too, is endangered as a whole, if it is required to drag divisions along that make no profits over the long run.

PROFIL: So you would cut out the billions in government funds designed to protect jobs ?

Steger: Yes. I would put an end to the present system as practiced at Eumig and OeKG. We would like to see businesses that turn a profit. The politicians must see to it that these profits are not taxed away without let or hindrance. That is how we would protect jobs and put the billions in taxes to better use!

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## SOCIALIST LEADER ON COMING ELECTION IN STEIERMARK

Vienna ARBEITER-ZEITUNG in German 27 Aug 81 p 2

[Report on interview with Steiermark Deputy Province President Gross: "'Good Atmosphere Coupled With Being Hopping Mad'--Early Scheduling of Election a Purely Arbitrary Action on the Part of the OeVP"]

[Text] Graz (SK)--It is the aim of the Steiermark SPOe [Austrian Socialist Party] to gain more trust at the 4 October election, and it would already represent an election success for the SPOe if it maintained its current 23 seats and gained additional votes. So says Deputy Province President Hans Gross, the SPOe chairman, in an interview with Hans Waschek, editor-in-chief of SOZIALISTISCHE KORRESPONDENZ. The earlier scheduling of the election by the OeVP [Austrian People's Party] against the votes of the SPOe and FPOe [Austrian Liberal Party], he says, was a purely arbitrary action. He would not rule out the possibility of Province President Krainer trying to gain a nationwide image. Nor did he know to what extent Krainer might not be holding himself ready to assume greater tasks.

Precisely in these difficult times, Gross says, it would have been far better to continue working for the province and the people than to trigger an election campaign. It had been expected that the election would be held sooner, but not 2 years earlier. Evidently the OeVP had learned from an opinion poll that this was the right time. It was counting on being able to further increase the number of its seats. Should the OeVP actually manage to score some gains, it would also have national political repercussions, because even if it lost just one seat the SPOe would see its representation in the Bundesrat [upper house] reduced by 1, making it possible for the OeVP in the Bundesrat to block parliamentary action.

Gross, however, stressed the fact that the atmosphere among the stewards was excellent and that the Steiermark SPOe had adjusted to the 4 October election date. In the case of a number of persons this mood was coupled with one of being hopping mad, because they could not understand why the party was being forced into the commotion of an election in this situation.

The Steiermark SPOe chairman, who like Krainer had not advanced to the top of the party until the summer of last year, also pointed out, however, that whereas

Krainer had been in the provincial government for as many as 11 years, he himself had been in it for only 1 year. Krainer had the advantage of being the top man and was also benefiting from his father's name. When he assumed office, Krainer had been known in Steiermark by 100 percent of the people, whereas he himself--Gross--had been known only among 21 percent of the population. In a comparative short time--by May/June 1981--however, he had managed to raise this to 80 percent.

Gross also sees a connection between the Steiermark OeVP's lack of interest in an amendment of the provincial constitution and the earlier scheduling of the election, for the SPOe had proposed to include a clause in the provincial constitution which would have allowed an early scheduling of elections by more than 6 months only with the agreement of a two-thirds majority.

Gross seriously attacked the economic policy of the Steiermark OeVP. Whereas in 1945 Steiermark ranked second among the provinces as far as the net product was concerned, it now is next to last. Grave mistakes had been made in the infrastructure, and road building had proceeded more along political lines than in accordance with economic principles. This had led to neglect of the industrial regions. The OeVP had also prevented the big concerns of Obersteiermark from going into the finishing industry at a much earlier date. The Booz-Allen expert opinion as early as 1968 had proposed mergers, a finishing industry and specialization. No conclusions had been drawn from it, however, and this had been a factor contributing to the current situation.

Finally Gross also made reference to the "Steiermark Alternative 2000" in which more than 500 academics and people from all spheres of life had participated in 24 committees. This SPOe program comprises all spheres of life, he said. Thus the right to work is to be anchored in the provincial constitution, but solutions are also planned for questions of housing construction, commuters, medical care, urgent questions of improving the infrastructure and protection of the environment. As far as he was concerned, the securing of jobs enjoyed absolute priority, Gross emphasized.

The Steiermark SPOe chairman said he had excellent relations with the national government and was in constant contact with Federal Chancellor Kreisky. Personally, he also felt that the federal government was completely behind Steiermark. In fact it was not possible for the province alone to solve the great concerns of Steiermark. This could only be done with massive federal government support.

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## 'RESPECT FOR LABOR AND DEMOCRACY' PARTY PROFILED

Brussels KNACK in Dutch 24 Jun 81 pp 28-29

[Article by F.V. : "The RAD (translator's note: also means 'wheel') of Liberal Fortune"]

[Text] Recent opinion polls in Brussels and Wallonia predict that the young UDRT [Union for Democracy and Respect for Labor] Party will obtain electoral returns of 6 to 10 percent, and thus elect several representatives to the national parliament and the French Cultural Council. In the Flanders, the UDRT has a different name: Respect for Labor and Democracy or, in short, RAD. It is not yet clear how deeply implanted this extreme liberal movement has become. But it appears that a stronghold has been fully established in Antwerp.

The UDRT was established in Brussels in May 1978, at the time of the Tindemans administrations. At that time, the liberal Minister of Finance Willy De Clercq had just gotten a rather harsh program law passed, including, among other things, an increase in a number of BTW [Value-added Tax] rates, such as in the MORECA [Hotels, Restaurants and Cafes Association] sector. It all became too much for restaurant owner Robert Hendrick, and he got together with a few like-minded individuals to organize an anti-state revival. Half a year later, the elections confirmed the fact that the young UDRT was on the right track. Without any preparation to speak of, Hendrick was elected to parliament with about 3 percent of the Brussels votes. As parliamentary pacesetter of the Euro-Systems affair, he soon accomplished a great exploit, so that the party suddenly had a standard bearer, a figure which began to gnaw particularly at the FDF [Democratic Front of Brussels French Speakers]. By early 1980, it also got under way in the Flanders. The Antwerp attorney Christiaan Bossers surrounded himself with a number of small movements, groups and initiatives out of which he moulded the first larger Flemish RAD branch. Within these circles the joke also makes the rounds to the effect that Willy De Clercq with his non-policy was the actual founder of the RAD.

Today, there is a national party secretariat, located on the avenue Lambertmont in Brussels, and virtually all districts in the country have a mailbox somewhere, where new members may register. The party is organized on a national basis, with two co-presidents (Hendrick and Thomas Delahaye, attorney with the Court of Appeal and son of Pedro, the former president of the High Committee for Oversight). There are three vice presidents (Bossers is one of them; one for the four Flemish provinces, one for the four Walloon provinces, and one for the province of Brabant).

The five above mentioned officials make up the national council, which also includes four Dutch speakers, four Walloons and two inhabitants of Brussels, plus three co-opted members. All of this together then constitutes the highest UDRT-RAD administrative body of /18 people/ [in italics].

The movement already has a membership of nearly 6,000, who pay a yearly contribution of 400 francs. In the Flanders, in addition to the Antwerp center, rapid developments also occurred in Bruges, Ostend, Courtrai, Ghent, Turnhout and Malines. A shrewd spokesman for the new recruits is the young economist Marc Descheemaeker (25 years old), president of the district of Antwerp and member of the national council. He lives in Berchem, studied applied economic sciences at the UFSIA [University Faculties Saint Ignatius Antwerp] and international economics at the College of Europe in Bruges. Following a short career with the McKinney research bureau, he transferred to the European headquarters of a large American multinational.

Descheemaeker does not want to admit that the RAD might be a "party of the middle classes and the dissatisfied." It is true, he said, that in Antwerp the starting signal was given by a few middle class businessmen tired of being harassed, but since then the rank and file has been broadened to include cadres, ordinary workers and employees. "A married couple, both of whom work, do not have to earn all that much to be bled to death by taxes."

#### Rotten Mess

The young RAD has a simple point of departure: that the available economic means should be used as profitably as possible. Its political and economic reality practically correspond. Therefore it does not have a real ideology and it cannot offer any detailed program items for every usual topic, such as defense, family policy or, let us say, the prison system. As a matter of fact, the party is still too young to have such a broad outlook yet. It limits itself to a few priorities in the fiscal area and in terms of the operation of the economy. In this respect, its message is very non-political: the power of the government must be broken down as radically as possible, taxes and the size of the civil servant apparatus must be reduced by dozens of percentages, economic logic alone is valid; the rest is /a rotten mess/ [in italics], abuse, self-interest of professional politicians... the people are /fed up/ [in italics] with all of that. As a matter of fact, the words "fed up" form the core of the RAD slogans which are spread around through leaflets and a sample poster here and there.

For the time being, the RAD is growing up in a climate which is not unsympathetic toward its positions. The right wing of the CVP [Social Christian Party] and its youth movement are tirelessly propagating sympathy toward business. The PVV [Party of Liberty and Progress] around Guy Verhofstadt virtually professes the same anti-status seeking positions as the RAD.

Descheemaeker commented: "Should the PVV unexpectedly realize all these goals, then there would no longer be any need for RAD and we would pack it in. However, I am afraid that this liberal generation will not be able to tear itself loose from the system either. Historically speaking, Belgian liberalism has completely compromised itself by participating in the development of the current state."

Hence, the RAD uses terminology, which is nearly military in flavor, to describe its pioneering tasks: to be an infantry battalion of volunteers in their struggle

against the government. The state, "that anonymous animal" is "festering" everywhere; the RAD "is seizing the political weapon out of self-defense" and wants to be a movement of economic common sense. The wild growth of the state occurred as a result of the "hunger for power" of the political personnel, which is responsible for the economic debacle.

What does the RAD concretely want? Member of parliament Hendrick has already introduced a dozen bills, virtually all of which deal with /taxes/ [in italics] (he asked especially for the implementation of a family /quotient/ [in italics]), with free competition and even free radio stations. He voted against the government bill on /racism/ [in italics], together with the Flemish block, but only on grounds of legal objections in the text. As a matter of fact, later on the bill was rejected by the senate for the same reason.

The RAD wants to put social security in the /private sector/ [in italics], at least for protection which is not directly related to the enterprise, such as the health insurance fund. The state could continue to manage a retirement fund, but a single system for everyone. Vacation money and industrial accidents are related to the enterprise and should thus be part of the free negotiation package between the employer and the applicant for work. Such negotiations should take place man to man, and not via the big union game, which serves the self-interest of the social organizations anyway. A certain residual level of unemployment of approximately 3 percent is also acceptable to the RAD economists. But in the current state of affairs, a large package of social profiteering must be eliminated. This will naturally hit the foreign workers. We have inherited them from the past, from the golden sixties, and it is not fair, according to Descheemaeker, to burden the current generation with that whole inheritance. Those who do not or no longer contribute directly to the economic process, cannot take advantage of the Belgian social or political system. A fully free economy will naturally drain off these inhabitants of foreign origin. Neither can there be any question of the right to vote for non-Belgians. They should just become naturalized.

Every form of /state support/ [in italics] to the economy is wrong, whatever the large industrial groups and financial institutions may think about it. Indeed, through its support the government slips into industry, as is noticeable enough with the steel discussion, the textile plan and the energy policy with a chief of staff who is also president of Distrigaz.

Public /cultural policy/ [in italics] should limit itself to providing a very general framework. Failures, such as the Antwerp opera and the Brakke Grond, speak sufficiently for themselves. Instead of politicizing the smallest theater competition, culture should be left to free initiative. This also applies to /education/ [in italics]: schools of the Steiner type, for example, should get another chance. As a matter of fact, our population has forgotten that the big foreign /schools/ [in italics], such as Harvard and Stanford, are completely private institutions, which support themselves through tuition fees and the sponsorship of big industries which recruit their managers there.

The RAD is a very strong supporter of the large /Antwerp merger/ [in italics], because it could lead to the elimination of numerous superfluous political offices and administrative positions. In terms of /environmental protection/ [in italics], the RAD rejects the principle that the polluter should pay. Its principle is: every polluter prevents, each enterprise according to the same criteria, so that pure competition will remain intact.

### Common Sense

In order to achieve economic recovery, the demand producing /wages/ [in italics] of the workers should not be gnawed away. However, social charges could be largely eliminated, because a worker is better capable than the government of managing a part of his income, determined by himself, as something for a rainy day or as security against reverses. Furthermore, private insurance companies would serve them better and more cheaply. Indeed, the free insurance market is already broadening itself spontaneously.

The RAD refers to its plea for a return to the purely liberal state, with simple laws which are adequate to regulate society, as "the most serious alternative" since World War II. Whether it will be brought home to the nearly 900,000 government workers and to the working population, three-quarters of which are members of a union, naturally remains the question. As a matter of fact, an unpublished party poll shows that the RAD gets one-third of its members from among the cadres, 28 percent from among small employers, 26 percent from among merchants, and 11 percent from among civil servants. That is too much to be Poujadism and too little to become a policy. For the time being then, it will remain limited to what, in these circles, is referred to as "common sense."

8463  
CSO: 8118/1633-D

## COLUMNIST CONSIDERS COALITION INTACT AFTER BUDGET DEBATES

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 4 Sep 81 p 3

/Article by Helmut Herles: "The Coalition Is Neither Near its End nor at the End of its Misery/

/Text/ To some who ought to know what happened in the course of the coalition negotiations, especially the late night sessions, Otto Graf Lambsdorff seems a kind of John Foster Dulles of the coalition. In the first night session he is supposed to have practiced brinkmanship but, just like the American Secretary of State, not with the purpose of conducting war but of preventing it. Although this resulted in interruptions of the coalition negotiations, it ultimately helped the success of the FDP. However, at no time had things gone so far that the negotiations--let alone the coalition--threatened to break down altogether. After all, Lambsdorff was not the only negotiator. Moreover, Lambsdorff would not really be interested in giving up his role of liberal market economic champion in this coalition with the SPD. He certainly would not enjoy the same prominence in a coalition with the CDU/CSU. Most of all Lambsdorff had by his side fraction chairman Mischnick who, in the dialect of his Saxon homeland, tends to pronounce coalition rather like "collision," but who is by no means inclined to embark on a collision course with the SPD--at least not yet.

The Social Democrats, therefore, now sing the praises of Wolfgang Mischnick, not only for his ability to smooth over differences but also for being one of those who entered these negotiations fully informed and well prepared. Flanked by Lambsdorff and Mischnik, Genscher returned to his old predilection for cautious "Genscherism." His severe remarks at the time the sky in Bonn was clouded turned out to be approval of the negotiations. The second night session--though "just as unyielding in factual matters" (going by the notes on record)--proceeded with less fireworks in the form of interruptions of the session. Since then the Free Democrats have once again been borrowing from Ludwig Erhard. They are remembering that psychology and a certain amount of metaphysics are part and parcel of management and, after having earlier moved the political scenery to and fro, even mentioning the word "parting of the ways," now seem full of new found courage. They expect their negotiating successes to yield the revival of the economy, the emergence of new free enterprise. They proclaim a "change in trends" for the coalition and, consequently, the political climate of the country.

Even after the first session--which lasted from 18.30 hours to just before 01.00 hours the next morning, the impression "practical considerations to the fore, disputes notwithstanding" tended to prevail. The Social Democrats, driven by the smaller fraction to the brink of their historically matured self-interpretation, recognized that the coalition had managed to pull together once more--no more no less. Many Union politicians drew the same conclusion, although they do not say so in public.

On his way home from this first stormy night Schmidt asked one of the civil servants waiting on him how large our debts had been when he was Minister of Finance. The official replied: DM7.6 billion. "And what are they now?" asked the chancellor. "Better not mention that," said the official. Schmidt acquiesced, but later in his bungalow he may have reread his mentor Alex Moeller's memoirs and noted why that "comrade general director" in his capacity as Chancellor Brandt's Minister of Finance had believed himself unable to continue bearing the responsibility for far fewer debts. Still, those now ruling in Bonn repress such memories. Even puritanical Herbert Wehner, the subject of speculations whether he will give up or stay on, was so elated at the second evening session (which lasted nearly as long as the first), that he did something his physicians and stepdaughter-nurse have strictly forbidden: He said that, since the coalition was going to raise the tax on alcohol, "we'd better have another one now."

The satisfactory end to the coalition discussion does not mean that this government alliance is either near its end or at the end of its misery. Now the cabinet will have to draft at least 42 legislative amendments for submission to the Bundestag and Bundesrat, where they will be once more turned around and upside down. The Federal Ministry for Labor alone will flood the cabinet, the Bundesrat and the fractions with 300 pages each. The SPD sociopolitical study group, therefore, sent out invitations for discussions on Sunday evenings.

Officially both houses of parliament will discuss the 1982 budget in 2 weeks. Next week SPD and FDP will practice their recovered unity outside fraction meetings in a field with far fewer pitfalls--foreign affairs. The Bundestag will devote 4 hours to a debate on the Madrid Conference on Security and Cooperation in Europe. The coming fraction meetings will be exciting--especially those of the SPD.

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CSO: 3103/426

## PASOK ELECTORAL CAMPAIGN TACTICS REPORTED

Athens EKORMISI in Greek 30 Aug 81 pp 3, 10

Article by Kostas Laliotis: "Promise for Independence, Democracy, Socialism Being Fulfilled"

Text

The people possess the will, the consciousness and the desire for Change, and PASOK offers the possibility. Each citizen, the Greek people as a whole, wants through the content of a magical word--the Change--to be reborn and to find again their lost identity.

The Change without vacillations, delays and waiting periods is accepted everyday as the only solution for the future.

The electoral strategy consists of: a separate, autonomous entry in the electoral contest, a self-sufficient non-coalition government, a single-front fight against the Right, the political consolidation of the moderate climate, the positive presentation of our theses, the new target of the movement, the projection and the role of organizing power.

The electoral tactic constitutes a concrete unity of political actions, directions and initiatives. This article approaches and analyzes the political part of PASOK's electoral tactic.

The Right's death spasms will last for another 50 days. On 18 October the political power dam that has lasted for decades will burst and crumble. For several months now certain inevitable and socially proven truths have emerged on the political stage--truths which are not subject to alchemy and rejection and which are summarized in two political slogan-messages: "For the Change: PASOK in Office--the People in Government" and "The People Want--PASOK Can."

The two slogans express the subject, the means and the imperative necessity for the Change, in which case the subject (the people) have the will, the consciousness and the desire, while the means (PASOK) possesses the possibility. The Greek people as a whole, and each citizen separately, seek--as a social force and as

individuals, through the content of a magical word, the Change--to be born again, to find their lost identity. The Change, as a HERE AND NOW cosmic rebirth--without delays, retrogression and "assaults"--and as a way to overcome not only the crisis but the system itself, is accepted daily as the only hope for the future and as an inalienable right for living--for a life without repression, without alienation, without exploitation. PASOK from the first moment, with its founding declaration in 1974, expressed authentically, and today in 1981 proposes, accepts and shoulders the democratic challenge of the popular forces to realize the historic promise for independence, democracy and socialism.

The 8th conference of PASOK's Central Committee in mid-June shaped and decided PASOK's electoral strategy and tactic. The electoral strategy included the following composite elements:

- Autonomous entry into the election; self-sustained (non-coalition) government.
- Single-front struggle against the Right.
- Political consolidation of the moderate climate and the defense of democratic institutions.
- Positive promotion of the theses contained in its governmental platform.
- The new guidelines and the new objectives of the mass movement.
- The current role and the future outlines of organizing political power.

The electoral tactic, beyond the established organizational structure and duties, constitutes at the same time a specific unit of political actions, directions and initiatives. This report attempts an initial approach and study of the political--not the organizational--aspect of our tactic (which was established by the 8th conference).

#### Total Rejection of Policy of the Right

The electoral tactic launched with Chairman A. Papandreu's kickoff rally in Thraki is escalating gradually, on the one side increasing many times the current of total rejection and challenge to the Right, and on the other consolidating this current politically and ideologically as a party.

With articulated tactical movements and interventions, PASOK has sped up the differentiation and formulation of its electoral current throughout the "undeclared" phase of the electoral contest. Correctly, PASOK did not wait to formalize and set in motion centrally and peripherally its electoral current until after the "proclamation" of the election day. The extended period and the fluidity of the undeclared electoral campaign should not increase or maintain the percentage of "vacillating" and "undecided sceptics" who are vulnerable until the last moment to the snares, blandishments and pressures from the Right. This is because the Right might launch scare tactics and intensify danger-mongering.

At the same time, PASOK, through its essential opposition to and differentiation from the New Democracy, has tried and is trying to wipe out the disturbing phenomenon of political apathy, abstention, individualism and disruptive suspicions. Its political struggle is clearly visible and covers all aspects of public and personal life. Its messages awaken and rally so that there will be no "indifferent people" who will remain invisible and expressionless outside the electoral contest or will surrender without a fight to a logic of compromise between their vote and some promise of favor by party bosses.

Without exaggeration or excessive optimism, PASOK, in the eyes of its friends and its enemies and in the consciousness of the popular masses, has been elevated to the first party, the party of government, the party of power. PASOK has burst for some time now the "dam of power" while at the same time having considerable "safe distance" from the New Democracy. The old speculative assumption that PASOK and ND will run "neck and neck" belongs to the past or to the wishful thinking of the Right's lieutenants. ND has been definitely demoted from the party in power to a minority opposition party.

There are indicative but also encouraging findings and conclusions derived either from organized polls or from the fragmented experiences of dealing empirically with the electorate. We found agreement and cross-checking between the polls and the daily reports from the popular party grass-roots, coming from and verified by microsocieties-villages, worker suburbs and places of work where the political movements are registered in a clear and reliable manner.

Once it was credited by the people as the first party, as the party of government, the party of power, PASOK has followed with confidence and wisdom an escalating aggressive tactic (a "saturation bombing" tactic) with a protracted finish, not a "conservative, colorless and spineless" tactic. The tactic of an apolitical and blindly political contest as well as of a weak and "numb" criticism would serve very nicely the "dying ND" because it would give it the opportunity or the room to regroup.

A strong wind has started to blow and will continue to blow, a strong wind of power which will a) affect decisively the formation of PASOK's electoral current for a self-sufficient government by sweeping the decks; b) cause nightmarish fear and defeatism in the Right; c) induce prolonged, pressing political thinking and a choice between the "wasted vote" /note: to the small parties of the Left/ and the effective vote, between the "vote of postponement" and the "vote of Change"; and d) multiply in a chain reaction the cracks and the differentiations in the one-party, monolithic state machinery (since the beginning, a creature of the Right) which now, however, is being sensitized and penetrated by the existing political and social currents, ideas and thinking.

#### ND, a Question Mark; PASOK, a Certainty

The total and partial opposition and rejection of the policies and choices of ND by the electorate is broad and given. At this point, one should add the serious crisis of confidence on the part of public opinion toward the various promises and announcements and measures of ND. The ND as a party has not only reached the

"nadir" of its electoral strength but, even more important, the nadir of its political appeal and reliability. The ND appears to have no positive option, measure, argument or idea to be able to take off from the traditional area of the Right, to communicate and attract the broad masses. The slogans and options which come out of its headquarters fall in the familiar circle of the traditional Right.

At the same time, the "soft underbelly" of ND is very extensive and very vulnerable. At the forefront is the anti-popular economic and social policy, its dependent Atlantic foreign policy, followed by its authoritarianism, corruption, favoritism, incompetence, etc.

This absence of steady and positive reference points for promotion and propaganda, without reliable acceptance and wide popular appeal, creates absurd conditions inside the ND. Logically it has no options to have initiative of movement and the planning of an attack.

Thus, inevitably, the ND from now on will resort permanently and increasingly:

--To an ideological provocation toward PASOK to shift criticism from the socio-economic and national problems to theoretical questions of the profile of parties.

--To a political and social danger-mongering before the certain possibility of a PASOK government, to present itself as the only reliable party for "quietness, order, moderation" while at the same time presenting itself as the trustworthy agent of the "silent majority" and uniting socially and as a party the electorate front of the Right and its dynamic supports.

--To summit activities designed to bring its electoral expansion by extending its partisan network (opening toward the National Camp EP, the Center, etc.).

In view of ND's inability to put together a reliable strategy and tactic, PASOK has the absolute ability to set the "rules of the game." It is necessary and proper to open a relentless and frontal attack against all aspects--current and retroactive--of ND's governmental policies. This assault, however, without undermining the established conditions of a political and democratic framework so that it will not be anarchic and ineffective, should follow a sound choice of priorities in terms of time and place. At the same time, PASOK will not limit itself to negative criticism, revelations and denunciations but will always, analytically and persuasively, promote primarily and emphatically its own positive options, its own comprehensive governmental proposals. This is the most effective and reliable way to transform the simple and strong displeasure into ripe political support.

PASOK's primary objective should be:

--To avoid during the electoral campaign questions of ideological provocation used by the Right and possibly other secondary parties. The struggle must be waged not against abstract verbal shadowboxing, but against the record of the past 7 years of ND and the 30 years of its parent parties. During the campaign, PASOK must choose independently and at its own initiative its own advantageous areas of

contest, i.e., economy (inflation, high prices, pensions, etc.), foreign dependence, authoritarianism, education, health, structural transformations, environment, corruption, etc.

--To unmask, denounce and overturn the climate of danger-mongering and scare tactics which are designed primarily to push back the trend of the popular masses toward the Change.

--To react to attacks and false accusations with political calmness and coolness without resorting to haphazard "emotional" movements. To counter with analytic, comprehensible and convincing arguments all the "negative points" raised by the ND and the other parties and to counterattack comprehensively or selectively without taking a defensive or apologetic posture.

--To fight back against each accusation and attack by the Right primarily but also by other parties, PASOK must not lower or change its declared theses and principles because this causes confusion in its own political, social, electoral and party following.

#### Change--A Message of Salvation

The trend and the belief in Change has an epidemic expansion, since it has penetrated almost the entire Greek society as an open-ended message. Of course the specific meaning of Change--as seen by each one--moves on a broad spectrum of views, from liberalism, to reformism, to socialism, respectively reflecting different and contradictory types of social vision and political consciousness. But the people entrust their hope for Change first and above all to PASOK, but also to other parties.

It is not an accident that in the last few months ND has been trying to ram down, incorporate and absorb--even in part--this quest for Change. Before the election, ND as an agent will appear in two forms--both as a "reformer and champion" of the Change, and as a "guarantor" and "guardian" of the previous course and tradition. At the same time, KKE with its maximum electoral targets (necessary bargaining chips for imaginary "coalitions") will propagandize in every way that it is the only party that can prevent the Change from turning into "mere rotation or horse-trading."

PASOK must keep the exclusivity and authenticity of the Change--as an idea and a process--differentiating its cooperative, socialized, decentralized, democratic and socialist change from the fake one of the ND and from the statist, bureaucratic, monolithic and nonhistorical model of KKE. In other words, it must deepen the differences between the changes of radical and reliable transformations and the changes of marginal gestures and empty promises as well as cheap bravado.

PASOK has displaced ND from the mass-popular riverbed of change, limiting it to the role of continuing its sinful past and present. The PASOK message is decisive and convincing even among the Right's popular base that it cannot expect and hope for a better future from the policies of ND.

PASOK emerges in the present situation as the only reliable and battleworthy standard-bearer for a HERE AND NOW strategic change and power and creates a climate of wide acceptance for its governmental role tomorrow. This objective trend to recognize and accept PASOK's decisive role in the immediate implementation of the salvation-bringing message of Change is and will be much wider than the percentage of its party support. This means that regardless of tricks, tactics and actions of the leaderships, the popular electoral base of all parties (KKE, KKE-Int., Center, a section of ND) looks favorably and positively at the task of Change, with PASOK as the standard-bearer.

If we present the aforementioned conclusion prior to the election, we must observe that the view of the "wasted" vote and the "useful" vote has an objective basis. If we present it after the election during a possible PASOK governmental term, we are able to trust in a secure, sometimes unreservedly and sometimes critically given wide popular approval and dynamic. This is because PASOK has the trustworthiness and political opportunity both before and after the election, in the context of National Popular Unity ELE, to undertake initiatives for the restructuring and unification of political and ideological popular masses.

In the context of our electoral tactic (PASOK) has drafted a special and specific plan designed to provide persuasive proof that our governmental program is realistic and feasible. In this effort, without setting aside or concealing our principles and strategic theses, all our intermediate, short-term and long-term options are shown in the proper sequence, distribution, correlation and frequency. This is because the feasibility and realism of our vision and ideas necessarily goes through (without accepting the theory of stages) the correlation and unified process between the "immediate task of national rehabilitation, economic relief and democratic consolidation," the "course of national redefinition of institutional and social incisions (drastic changes)" and the conquest of the targets of National Independence, Popular Sovereignty and Social Liberation.

#### Democratic-Socialist Change Options

In our political enlightenment and electoral propaganda it is necessary to tie together and correlate the "umbrella" slogans of wide appeal (such as high prices, austerity, syndicalism, popular participation, bases, NATO, health, etc.) with the slogan-choices of democratic and socialist Change; that is, tie together and correlate the slogans of immediate need, desire and improvement with the slogans of consciousness and transformation. The correlation, the connection, the reference are considered always as given and necessary in order to assure a mutual influence and restrengthening. Their unity, correlation and balance will be the safety valves to keep unchanged and unified the wide front of the social forces of Change, that is, of the exploited and nonprivileged Greeks whose political will and power is expressed through PASOK.

PASOK, as a political and social entity facing the decisive contest with its electoral tactic, must try to avoid presenting contradictory and divergent class and ideological definitions. It must intensify its effort to bring together and express a unified and convergent cluster of social forces whose short-term and long-term interests are in line with the profile, the declarations and the PASOK theses. PASOK's social and political support must correspond and must be steadily

in line with the ideological and party existence and PASOK's programmatic directions to avoid flagrant cracks, gaps and contradictions. This is because the political program and proposals later being applied should be addressed to and based on socially stable forces.

At the same time, PASOK must try to have its electoral support geographically balanced. This is very important because in the context of democratic planning the implementation of PASOK's general and local policies in a given area is not unrelated to popular support and the mobilization of the residents in the area, workers' suburbs or villages.

However, in addition to the quantitative distribution from nome to nome which leads to the corresponding distribution of seats (in the legislature), PASOK's political and electoral influence must overcome a small deficit in the provincial towns (capitals of nomes) compared to the countryside of the same nome and also between the first and the second electoral districts in Athens. These empirical indications which find their explanation and causation in the social structure and composition, the political behavior and history as well as in the organizational and party structure and actions of PASOK, should be utilized to plan a concrete practical intervention and electoral deployment into the corresponding area.

#### Leaders Before the Battle

The caliber of the political leaders in the competing camps, on the national and international stage, is a key element in determining and interpreting the political developments in our country. In today's conditions, beyond the seasonal aphorisms of certain "eclectic intellectuals," symbolic leaders emerge through a complex process in the consciousness and daily practice of the popular masses, symbols which often appear as salvation-given prospects.

It is more than certain that in the coming election the profile and the appeal of the leaders of the two opposing entities--PASOK and ND--will play a decisive role in shaping the outcome. Without doubt PASOK is in an exceedingly advantageous position.

It is clear that our Chairman A. Papandreu as a leader undoubtedly possesses a broader appeal and prestige both in Greece and abroad, and he causes and assures a broader popular approval and recognition which considerably exceeds even PASOK's partisan area.

Moreover, although for 20 years he has been a protagonist on the central political stage, although he promises a radical change, he is opposed only by a small but stubbornly obsessed percentage of people with irreconcilable negativism and prejudice.

Rallis as a leader personifies and sums up a colorless, spineless political presence. Also, it should not pass unnoticed that Rallis expresses a political area--the Right--which from its beginning has tied its course to the metaphysical power and suzerainty of the leaders "by the grace of God, King and Allies." This fact increases the gap even more between the main contribution of the ND (i.e.,

of Rallis) and the search and need of the Right's electoral rank and file for a "charismatic" leader. The very conditions of succession (to Karamanlis) and the exercise of power have weakened Rallis as a leader even more.

Nevertheless, in addition to the comparison and contest of the leaders, always present is the comparison of the cadres in terms of profile and composition (qualitatively and quantitatively) and the presence and action of the respective PASOK and ND partisan organizations. At this level also, PASOK excels with its profile, unity, cohesion, tradition and the mass action of its organization. The double comparison of leaders and parties and the double total deficiency of the ND facilitates the detaching of popular masses which until yesterday constituted the electoral periphery of the ND and now steadily turn toward the rising and assured system of power. For this reason, PASOK must utilize and project emphatically the broader appeal and prestige of Chairman A. Papandreu; project and renew each time the unity, cohesion and the existence and development of its organization; avert the effort by Rallis and the Right to acquire an ideal leadership shadow; and unmask, castigate and ridicule the conglomeration of contradictory views at the leadership level of ND which convey an image of fragmentation and decay.

#### Style and Form of the Tactic

Finally, PASOK's tactic at the nome and local level must be harmonized and adjusted each time with that of the central leadership so that there will always be consistency, steady course, unified expression and unified priorities. But beyond its general homogeneity, our tactic must be adaptable and flexible in the local conditions, without this signifying a "green light" to the selective reversal or change in our profile and governmental program.

The style and form of our electoral tactic must inspire certainty, self-confidence and optimism. It must have the characteristics of a triumphant popular and party course without leading to inertia and arrogance. This is because before the final outcome there is a battle to be waged now and later, house to house, "hand to hand." The results, which will assure the highest possible electoral percentage both locally and nationally for a self-sufficient PASOK government, are not shaped outside the attitude and participation of each party cadre, member, friend and follower of PASOK, of every democratic, progressive citizen.

On 18 October the people and PASOK will have their date with history, when the overwhelming social majority of the nonprivileged will be transformed into a political majority.

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CSO: 4621/96

## MEMORANDUM OF CGIL SECRETARIAT ON 10TH CONGRESS

Rome RASSEGNA SINDACALE in Italian 16 Jul 81 pp 57-59

[Article: "Memorandum on the 10th Congress of the CGIL"]

[Text] Rome, 7 July 1981--We publish herewith the memorandum on the 10th CGIL Congress that was transmitted by the secretariat to the regional CGIL organizations, to the Territorial Chambers of Labor, and to the National Categorical Federations following an in-depth study of the current status of the congressional debate that is taking place among the rank-and-file membership as well as among the delegates at the territorial and categorial levels.

#### 1. Progress of the Discussions. Participation in the Discussions

Worker participation in the meetings has been uneven, although attendance has in general been better than at previous congresses. In practice, holding meetings of the workers outside regular work hours has almost always yielded negative results.

Delegate participation at these congresses is usually very good, although in some cases there is a certain impatience with the holding of one meeting after another--meetings which are inevitably at least partly repetitious and concentrated within a brief (sometimes very brief) period of time because of the objective conditions under which the sessions must be held. Participation (often by the same comrades) in the factory meetings, in the meetings at the local categorial, zonal and district levels, and in the regional categorical congresses all within a period of a few weeks is a wearisome task if only from the standpoint of the time available.

The discussions are generally quite frank and even have the necessary self-critical and critical overtones which spare no one. This fact is in itself positive. Less positive, however, is the fact that more attention is often accorded to the effects, rather than to the causes, of errors and omissions.

In particular, there is no close examination of the many elements of contradiction that have accumulated in the areas of policy concerning demands; concerning the methods and content of our participation in economic policy; and lastly, concerning our organizational work.

It is important to return to the concreteness, and spirit of innovation, that are indeed present in the agenda relating to this subject matter, among other things because the national congress of the CGIL should--and especially in its decision-making machinery--reach precise conclusions that will offer clear-cut and binding options in every subject area. Accordingly, consideration of current questions does not appear to fall within the scope of the strategic research proposed in connection with the topics of the escalator clause, labor costs, reform of the pay scale, productivity, professionalism, the contractual format, working hours, and so forth. The same is true with respect to the topics of the democratization of the economy, the relationship between the trade-union movement and planning, the restructuring of production, the problems of accumulation, and the plans of private companies. It is also true in regard to the organizational aspects: the structures of party membership, zones, districts (Montesilvano) and democracy; the quality of union representation; new social topics; women; job insecurity; and unemployment. In this latter connection every possibility must be appropriately explored to bring to the fore cadres and individuals of distinction who will express, within the organization, tendencies and cultures that reflect its pluralistic essence--and not solely in terms of the specific role played by the militant cadres within the historical components of the CGIL.

## 2. The Most Serious Defects

a. In almost all cases the discussion revolves around the topics of current trade-union and political affairs (the new government, the escalator clause and the fight against inflation, interorganizational relations, and so forth), while there is a lack (except in the case of interorganizational relations) of any discussion of the topics and theses that place before the organization the strategy for the coming years--a strategy embodied in an analysis of the current situation that is quite profound and frank and (in our opinion) entirely valid. What is needed is an enrichment of this analysis and also a change in certain specific aspects and proposals, but the truly significant developments of recent months serve to confirm--rather than to refute--the correctness of the orientations contained in the confederal documents.

In our opinion a more dedicated effort must be made to link current events, and the decisions made in recent months by the CGIL, to the analyses and basic strategies embodied in the theses. This effort must be made without distortions and without arguments that are contrived or artificial, for these are not necessary in order to reveal the link between the positions adopted and the basic course of action which we have chosen to set for the congress.

There is no doubt that at the meetings of the coming weeks--and at the national congress itself--delegates should also devote critical and appropriate attention to the need for prompt action, but it is equally essential that this attention be accompanied by a constant concern for establishing a clear-cut, coherent policy line for our organization that will be valid for the coming years. This is the objective of the congress.

b. Another shortcoming--one widely observed at the congresses of the organizations in the North and at the congresses of the categorial organizations--is the diminished importance accorded to the "Southern question."

In this connection we are confronted with the serious symptoms of a retreat--a retreat even by comparison with the recent past. Even the unifying and general theme relating to the South--namely, the theme that has developed out of the consequences of the earthquake and the policies of restoration, development and employment--is in danger of being couched, as time goes by, in terms of time frames, tempos, and methods that are totally inadequate and insufficient.

Unification of the movement is one of the basic aspects of the orientation established at the congress to combat the disunifying processes that operate in our society and that ensnare the working class itself, but this will remain largely only empty words if we do not first of all restore--in terms of developing programs, the strategy for struggle, and worker sensitivity--first priority to the recovery and development of the South as a condition for resolving the crisis and effecting a change in society. This is a task for everyone, not just for the organizations and comrades in the South. Moreover, trade-union decisions relating to wages, contracts, authority at the workplace, democratization of the economy, and restructuration will all take on a distorted character and a different orientation unless they are in all cases linked to the themes of change in national economic policy, and unless they are now finalized and accordingly made consonant with the priority assigned to the Southern problem--a problem which is defined first and foremost as one of development, investment, services and employment.

On the other hand, one should not overlook the fact (in order to derive all the correct conclusions therefrom) that the decline in tension around the Southern themes is accompanied by areas of skepticism as to the possibility, generally speaking, of introducing elements of change into society as a whole and into its development. It is essential to focus attention once again on the aggregate of problems that are associated with these themes, with a view to reestablishing immediate and specific objectives relating to employment, investment, and structural change.

c. Even the subject of terrorism appears to have taken a back seat in many debates, and even when it is discussed the discussion is couched in general and repetitive terms only: the decline in tension around the subject is deplored but there is no analysis of the reasons for the decline, which is quite real and which stems in large part from the inadequacy of our understanding of the phenomenon. Today, terrorism is testing its own strength in many workplaces and is attempting (and not without some success) to exploit situations deriving from crises in individual enterprises and certain social tensions. The attempt to turn the unemployed of Naples against the union, and to incite them to commit acts of violence and join the campaign of destruction that could spread to the earthquake-stricken areas of the interior; the adoption, and exploitation, of union slogans in an attempt to justify physical assaults and kidnapings; the massive intimidation of union delegates and cadres, and their family members; and the Mafioso attitudes and open provocation manifested in many factories by the Red Brigades and other destructive groups, are all signs of a new threat of antidemocratic destruction against the workers and the union. A resolute and impenetrable front against terrorism must be recreated, but in order to do so our understanding of this phenomenon must be more penetrating and must be brought up to date.

To this end the congresses must offer a more efficacious contribution--a contribution which should be oriented toward propagating an awareness of the insincerity and falsity of the motivations and objectives of terrorism. The social struggle--

on the basis of which terrorism attempts to legitimate its monstrous methods--is in reality hindered by the terrorists' schemes and crimes. For this reason, terrorism must be branded as one of the serious obstacles to the conduct of an effective struggle for changing and transforming the nation.

### 3. Political Problems Present in the Debate Among the Unions and in the Internal Debate

Various problems and arguments replete with political and ideological implications have emerged in the debate that has evolved in recent months, and they have in some instances even taken precedence over substantive questions already under discussion.

On the basis of these problems and arguments--and in the measure that they are put forward, implicitly or explicitly, as "proposals" by other sectors of the union--it is a simple matter to construct generalized judgments as to the nature of the organizations which are the supposed sponsors of these proposals, with the inevitable result that ideological divisions are evoked and the impression is created that there is a crisis in trade-union policy. This occurs when on the basis of a given position--however correct or however mistaken that position may be--generalized judgments are made that classify an organization, for example, under the label of "moderatist" or "maximalist" or brand it as "instrumentalized" and subservient either to the government or to the opposition.

It is therefore essential for the CGIL to reaffirm its views on these topics, sticking always to the issues and discussing them and--if necessary--engaging in a debate.

#### Social Pact

In our country we have neither the political conditions, social order nor specific trade-union culture that would render the hypothesis of a social pact either timely or feasible, if such a pact is understood as an alliance of a general nature involving the respective union-government or union-government-employer links, in the forms that have been precariously attempted in European countries which have a pluralistic and democratic system. This hypothesis is not contingent on the character of the government, and the CGIL does not consider it to be acceptable; but the very political nature of the action and role of the union movement in Italy--the efforts of the movement in connection with many aspects of national life--confer on it the mandatory role of interlocutor of the political leadership.

This gives rise to the necessity for carrying out--with respect to specific (and sometimes weighty) matters--agreements that can lead to mutual commitments and obligations concerning the respective responsibilities involved in these matters.

This problem has special timeliness today in connection with the struggle against inflation. It entails correlated commitments and action that can be achieved only through agreements that are manifestly clear-cut and are ultimately determined by the individual aspects of this struggle.

In such case (as in any analogous cases that can be hypothesized) the real problem consists of the objectives and conditions to be achieved and the credibility of the action taken by the interlocutors with respect to the goal envisioned. Moreover,

all this must be done without ever attributing to any given agreement the character of a general alliance, nor to any given disagreement the character of frontal opposition, in order that the autonomy and political character (but not partisan character) of the organization may always be safeguarded.

### Triangularity and Coordination

The theory that the adjustment of social relations and industrial relations is based on coordination and therefore on a triangular relationship of commitments and agreements is clearly in contradiction with the complexity of the institutional, social and political themes that operate in society; it distorts the very functions and authority of the government and of parliament and is situated at the apex of a tendentious corporativization of the administration of the nation's affairs.

Although for the most part the distinction in regard to themes and tables remains, the opportunity--and the necessity--may nevertheless arise, in individual circumstances, for specific issues to be resolved through coordination of political and commercial relations: coordination that can be achieved most easily, in individual cases, by means of meetings between the government and the social forces.

### 4. Trade-Union Unity

Trade-union unity is passing through a period of serious difficulties. The rather rapid changes in the overall situation have assuredly made more difficult the development of a process which was already proceeding slowly, thereby making ever more obvious the low degree of efficiency and imaginativeness of the federation's wearisome (and frequently exhausting) efforts at mediation. It is therefore correct to recognize that the unitary process is in a state of deterioration. For the Italian workers and for the CGIL, however, an understanding of this reality is a condition not for surrendering to the inescapable logic of division but rather for undertaking the reconstruction, on suitable bases, of trade-union unity. If these divisions were to be perpetuated and even to be intensified, the entire strategic concept of the union as an autonomous political entity committed to the reform of society would become merely propagandistic and wishful thinking and would diminish, in our country, the social and political influence of the workers. It is likewise necessary to have the conviction that a permanent division (and consequent weakening) of the strength of the labor and social movement would in the long run bring about negative conditions for the forces of reform both individually and collectively.

It is true that in the course of the debate (except in a few instances) the polemics among the various organizations have not led to any irreparable splits, but it is also true that the congressional activity of the other organizations--and likewise of the CGIL--have been marked by a diminished faith in, and commitment to, trade-union unity. The need for clarification of the positions of the various confederations--and for open discussion, even polemical discussion--should not diminish in the slightest degree our commitment and our will to overcome our differences and recreate the conditions for the necessary rebirth of unity. An essential condition for this to come to pass is--as we have said--to concentrate the discussion at all times on those themes on which there is disagreement, but at the same time to avoid gratuitous generalizations that transform disagreements into definitive and irreversible incompatibilities. This should be done not for tactical reasons but because

we believe that despite the differences (differences which are to a degree unavoidable among organizations of such diverse molds and histories) no confederation has changed--in any crucial aspect--either its nature or general objectives as a force for social change. The difficulties must be overcome by developing trade-union autonomy, in order to transmit to society and to the democratic political forces this strong and explicit demand for change that is expressed by the union.

## 5. Internal Situation

No special problems relating to the internal situation of the CGIL or its unity were brought up during the congressional activity. In some cases the debate has not been completely free from influences relating to the external situation, but in general the unity of the CGIL--the unity of its components--was solidly confirmed.

Moreover, recent internal differences must be considered in the light of their importance (which it would be a mistake to underestimate); but these differences should not be interpreted as a manifestation of antiunity sentiment, and their impact on the unity of the organization should not be dramatized.

It must also be understood in this connection that unity in respect to orientation--especially under difficult circumstances--involves a continuing effort in the area of research rather than a pretended homogeneity viewed as a spontaneous phenomenon, much less one viewed as a means of renouncing debate within the organization or of introducing self-censorship into the debate within the organization.

In the voting by secret ballot as well, the choices made by the workers and by the delegates have had the effect of upholding confederal unity (and should increasingly do so) with respect to the quantity and quality of those elected at the various levels of responsibility. Every effort should be made, however, to avoid any characterizations based on political allegiance or membership when such characterizations are not justified by the nature of the arguments and problems under discussion.

It is one of the principal duties of the confederal secretariat to further strengthen CGIL internal unity, which is an irreplaceable prerequisite for trade-union unity and for the growth of the influence of the workers in Italian society. Our internal unity does not stifle debate, does not water down analyses, and does not diplomaticize reports. It is our irreversible choice: it is the fruit of the efforts of great leaders of the trade-union movement and is one of the historic gains achieved by the Italian workers.

For this reason the debate among ourselves can be--as it is in fact--frank and direct, inasmuch as the unity of the confederation has never been, and never will be, brought into question.

The secretariat believes it appropriate also to reaffirm the fact that in choosing cadres and leadership organs the judgments made concerning the personal qualities of the candidates must always prevail, and the fact that in discussing individual problems the most important thing is to be prepared also to take into account the arguments of others and the opinion of the masses, while refraining from any partisan cloture of debate or any resort to instrumentalization.

The CGIL must today more than ever be the trade-union organization that contributes to understanding among the progressive political forces, beginning with those of the Left. This proposition is set forth in the theses, but will be possible only if the unity that has characterized the elaboration of the congressional documents is reaffirmed and reinforced at the sessions that will lead us up to the national congress. This role is of course explicable only to the extent that the contribution made by the CGIL--in terms of values, objectives and content--to the evolution of the progressive alignment of the nation is derived from the autonomy of the confederation and from the originality and specificity of its planning, its strategy and its unitary experience.

These are, dear comrades, the observations and judgments of the secretariat concerning the progress of the congressional debate and concerning certain topics that were discussed in detail.

We recommend that you regard this letter as a contribution to the subsequent progress of the debate, in order that through its congresses the CGIL may perform its function as the basic organization of the Italian workers--an organization capable of coping with current problems with a clear vision of the future. It is a question of promptly utilizing the proposals for development that have come out of the territorial congresses, by holding a conference with the other organizations with a view to defining these proposals in unitary terms and thereby undertaking a resumption of the initiative vis-a-vis our public and private counterparts as well as implementation of the policy lines adopted at Montesilvano.

Lastly, we must underscore the urgent necessity of regaining the initiative and resuming the struggle, after the overly long period of inactivity of recent months.

The new executive committee of the federation, together with its meritorious decisions and the convening of the consultative conference, should represent a step forward for everyone in terms of endowing the union once again with the capacity for initiative and action. The problems that have been disclosed are too numerous to allow any further prolongation of this period of inactivity and this inertia which for months have characterized the Italian trade-union situation.

This too, therefore--this theme of initiative and struggle articulated by territory and by sector--should become the object not only of discussion but of unitary decision-making, in connection with the evolution of the congresses.

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## SOARES DISCUSSES NATION'S POLITICAL PROBLEMS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 16 Aug 81 p 8

[Interview with Socialist Party leader Mario Soares by Joao Alves das Neves; date and place not given]

[Text] In an exclusive interview granted to O ESTADO DE SAO PAULO from days prior to the resignation of Portuguese Prime Minister Francisco Pinto Balsemao, Socialist Party leader Mario Soares, former head of the government, talked about Portugal's problems, harshly criticizing the head of the Social Democratic Party.

[Question] In your view, what are the main current problems of Portugal?

[Answer] Currently the most acute political problem is the constitutional revision, which should come about by the end of this year. As you must know, this revision will have to be approved by a qualified majority of two-thirds. This gives the PS [Socialist Party]--the main party of the opposition--the role of a real arbiter in this revision process.

It is normal that this should be so, because the Socialist Party was the main author of the 1976 constitution and has always, since the April 1974 revolution, been the main factor in stabilizing a pluralist and multiparty democracy in Portugal.

It is obvious that revision does not mean the drafting of a new constitution. In our view, the Council of the Revolution should be eliminated. It is essential to incorporate the lessons of experience in the constitutional text, with better articulation of the various organs of sovereignty. But the mixed economic social-economic model, in which the so-called economic power is absolutely subordinated to the political power, emanating from universal suffrage, should continue to exist, as the intransigent defender of human rights, one of the fundamental touchstones of the advanced democracy we want to institutionalize in Portugal.

It does not appear, however, that the main problems of my country have to do solely with the political superstructure. This is not the case. The main difficulties are the result of the very serious economic and financial situation which the country is again experiencing. Portugal is a country with a weak and dependent economy, which has been greatly affected by the international economic crisis and by the successive increases in the price of oil and certain raw materials, such as grains. In 1978, under the second socialist government, it was possible to balance the financial deficit thanks to a consistent austerity policy, which the working classes understood

and accepted. Today it is becoming obvious that the deceitful electoral promises of the AD [Democratic Alliance] government cannot be fulfilled, and this has worrisome social consequences on the level of popular discontent. In Portugal, as in England, the monetarist prescriptions of the conservative right-wing governments cannot provide a satisfactory response to the social concerns of the neglected populations, nor can they resolve the structural problems in the economy. Instead, they aggravate them, with consequences which are dramatic on the social level. Thus the Socialist Party is presenting itself to the country again as the sole possible government alternative for Portugal. We are witnessing, moreover, a public opinion development in a direction favorable to democratic socialism, and this is common also to other European countries and in particular, those of Southern Europe, such as Spain, France, Italy and Greece.

[Question] Do you agree that the process of decolonization was "exemplary," as is claimed? Or could it have been carried out in another way, with less trauma?

[Answer] It is obvious, in the light of what we know today, that decolonization could have been carried out with less trauma. But one must bear in mind the conditions in 1974 and 1975. Portugal had experienced a 13-year colonial war and the captains, who revolted against the Salazar-Caetano policy, did so because they could not tolerate further colonial wars. After 25 April, a break occurred on various war fronts and the provisional government and the MFA [Armed Forces Movement], which bore the responsibility for negotiating the peace, acted under the influence of internal and external pressures, leading to a real state of emergency with a 20-year lag. In any case, Portugal regained, not always by linear means, the prestige it had lost in the world, ridding itself of the wars without military solution and establishing the foundations enabling the new Portuguese-speaking African countries to engage, as they are already beginning to engage, in fruitful cooperation with it, based on mutual respect, reciprocal interests and nonintervention in their respective domestic policies.

[Question] What can you say about the criticisms made of the Council of the Revolution, which has the power to veto the decisions of the Assembly of the Republic, in view of the fact that, unlike the deputies, the council members were not elected?

[Answer] The Council of the Revolution, under the terms of the constitution now in effect, is a temporary organ of sovereignty, with specific authority of a military nature and pertaining to the constitutionality of laws. It represents a compromise between the spirit of the April revolution and the institutionalization of the democracy in which it resulted, following the approval of the constitution on 2 April 1976.

There is no basis for accusing the Council of the Revolution of excessive interference. On the contrary, it has even been rather moderate and discreet in its actions as an organ of sovereignty. Among the parties with weight in the parliament it is agreed that the Council of the Revolution will be eliminated with the constitutional revisions, and its own members, the April captains, have let it be known by various means that this is also their goal and desire.

The extreme right-wing propaganda against the Council of the Revolution has been more than anything else a pretext, or better, a ready target for the malignant fixation on the criticisms and attacks which they have never ceased to make of the democratic regime.

[Question] What do you think of the indemnification, unpaid to date, to the former stockholders or partners in the nationalized enterprises?

[Answer] It was during one of my governments that the principle of payment of indemnification to the victims of expropriation was established. The process has lagged--and it is complex--but there is a broad consensus that it should pursue in such a way as to provide some satisfaction to the Portuguese citizens and foreigners who suffered. It is a way, moreover, of consolidating the situation in the state public business sector which, moreover, is no more extensive or important in Portugal than in other European countries, such as, for example, Austria.

[Question] Is there some basis to the insinuation that the Socialist Party is ready for an alliance with the PSD [Social Democratic Party], which might lead to the formation of a new parliamentary majority?

[Answer] Since the beginning of the democratic process in April of 1974, the extreme left has insinuated that the Socialist Party is making alliances with the right wing, and right-wing extremists charge that the Socialist Party has agreements with the PCP [Portuguese Communist Party]. These are conflicting charges which cancel each other out and which result from the fact that the Socialist Party is aligned along the basic axis of Portuguese political life. The strategy of the Socialist Party is drafted in the medium term and is not based on summit agreements which do not consult the popular will or the party base level. We have always said that in a democracy, those who win should govern because they have the legitimacy and the duty to govern. This is what is happening now with the PSD, the majority party, integrated in a right-wing coalition, which for months has been grappling with a very serious internal crisis and which is suffering tremendous erosion as a government, without being capable of resolving the problems afflicting the country in the least.

Recent public opinion polls show a substantial gain for the Socialist Party and a still more important loss for the PSD and the AD. Thus the Socialist Party emerges as the fulcrum for a new majority capable of rescuing Portugal from the economic and social quagmire in which it finds itself at present. How will this new majority be established? It is too soon to say, because this depends on many factors, some of which are still developing. It can only be stressed that the Socialist Party is addressing itself to the electorate, specifically that part of it which voted for the PS, and then for the AD, and is now turning again toward the PS, and not toward the political summit agreements among the party general staffs. The Socialist Party, as I have always said, will never engage in any electoral alliance with the AD, and the PSD is the main party in this right-wing conservative alliance. The insinuations which you asked about have no basis.

[Question] Could the victory of the French socialists influence the 1982 municipal elections in Portugal?

[Answer] I think so, although only in a generic fashion. In elections under a system of self-government, the personal (and regional) factor plays a very important role. What is at issue is the competence, and the serious intentions, of the individuals, many of whom, like the overwhelming majority of the socialists, run for election with demonstrated and excellent records. However, the importance of the electoral triumphs of the French socialists is very great. What is happening in France has repercussions throughout Europe. And in Portugal, which a country where

French cultural influence is great, where the political elite read French newspapers and books, what is happening in France is keenly felt, among other things because almost a million Portuguese immigrants, who are in constant contact with their families in Portugal, live and work in France.

[Question] Is there any possibility that, like what happened in France, the Socialist Party will join in the government with the PCP?

[Answer] There is no possibility. As Felipe Gonzalez said in Spain, models cannot be mechanically applied to different realities. In Portugal, where the communists want to seize power by force, and attempted in the so-called "hot summer of 1975" to establish a new dictatorship of another sort, a government joining socialists and communists is unthinkable. The socialist electorate, at the base levels of the PS, would never accept it.

[Question] There is much talk of your candidacy for the presidency of the republic. What do you think of the exclusion of the emigrants from both the presidential and the municipal elections?

[Answer] The presidential elections are a long way off. First there will be elections for the self-governing units at the end of 1982 and legislative elections in 1984, if the dissolution of the Assembly of the Republic does not occur then, due to the absolute inability of the present AD majority to reach internal agreement and to govern. These are the two main goals of the Socialist Party. Beyond that, there is the incorporation of the party in the social base, which logically must support it, which that the Socialist Party can be, as it has been during other crisis situations in the recent past, the great factor in the democratic stabilization of the country. The presidential elections will be held at the end of 1985. The possibility of my candidacy, which I obviously cannot confirm or deny at this time, could only come about if it were clearly incorporated in the process of democratic stabilization to which I referred and which is my main concern on the national level.

[Question] What do you think of the dynamization of relations between Portugal and Brazil?

[Answer] I have always been a great supporter and champion of the development and the deepening of Portuguese-Brazilian relations on all levels. After 25 April, I made the first major official visit, as prime minister, to Brazil. At that time, some cooperation agreements were put into operation and have since developed, during the trips made by the two chiefs of state. We are now passing from the rhetorical-sentimental level to the practical level. It is necessary further to intensify economic, political and cultural cooperation, as it serves the interests of both peoples, and to strengthen our rich joint historical and civilizational heritage.

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## PCP OPPOSES AD SUPPORT OF CONSTITUTIONAL AMENDMENT

Lisbon O MILITANTE in Portuguese Aug 81 pp 17-18

[Excerpt] With the assumption of its duties by the temporary commission for constitutional amendment in the Assembly of the Republic, the process of constitutional revision was formally launched early in July.

Amendment, which the constitution itself provides for and regulates, would not, under a situation with normal and stable institutional functioning, represent any special risk for the democratic regime.

This is not, however, the situation in our country. The process of constitutional amendment appears laden with dangers for the democratic system and the present and the future of our people.

The reactionary forces, which are a majority in the Assembly of the Republic and comprise the cabinet, do not conceal the fact that they view the constitutional revision as an opportunity for the concrete realization of their plan for subverting and liquidating the democratic régime, destroying the conquests of the revolution and establishing a new dictatorship.

After the electoral process on 7 December, which resulted in the resounding defeat of Soares Carneiro and the AD [Democratic Alliance] plan to seize all political power by assault, the reactionary alliance visibly established as its final goal the achievement, through constitutional amendment, of what because of its resounding failure in the presidential elections, it could no achieve, at least in large part, i.e., bringing the highest state authorities under its control.

The AD proposal for constitutional amendment incorporates all of these reactionary goals and plans, including that which seeks to affect the transfer of the authority enjoyed today by the Council of the Revolution, which will be eliminated, and the powers withdrawn from the president of the republic, to the organs in which the AD predominates, and in particular, to the cabinet, which would become the dominant organ of sovereignty, as was the case under the fascist constitution of 1933.

The greatest threat, however, lies in the fact that the draft constitutional revision proposed by the FRS (very different from that of the AD in matters of principle, basic rights and economic organization) comes dangerously close to the draft of the reactionary alliance in major aspects of the organization of political power, proposing, as does the AD draft, the elimination of the Council of the Revolution and

the reduction of the authority of the president of the republic, and transferring the authority and attributions resulting from the elimination of the first body and those withdrawn from the president to bodies controlled by the AD--the assembly, and in particular, the cabinet.

It is particularly serious that the FRS proposal gives the cabinet decisive authority in the appointment and removal of military commanders, in the administration and guidance of the armed forces, and even in military legislation, because this means meeting the desires and the plans of the AD halfway with a view to establishing reactionary control over the armed forces, beginning with the choice of a hierarchy which will be fully loyal and obedient. <sup>2a</sup>

It is also very serious that in the FRS proposal, as in that of the AD, the cabinet ceases to be responsible to the president of the republic, becoming responsible only to the Assembly of the Republic in which the AD has a majority.

It is further a serious problem that the FRS proposal concentrates control over constitutionality, which has proven so important in our democratic life, in an organ the proposed structure of which provides no guarantees of faithfulness to the democratic regime.

These points of coincidence or approximation between the FRS and the AD proposals in major respects justify a legitimate concern about a possible future consensus or understanding between the socialists and the reactionary parties, which would be extremely disastrous to Portuguese democracy.

Also worrisome are the recent statement by Dr Mario Soares, especially those made to DIARIO DE NOTICIAS, announcing the intention of pursuing every avenue, including dialogue between the cabinet and the right wing and on the highest level, to guarantee that this constitutional amendment will be carried out.

Thus a great battle to enlighten and mobilize the workers and the whole of democratic opinion becomes urgent, so that there will be no yielding to the reactionaries on the part of the PS or the FRS on the subject of constitutional amendment.

It should be stated clearly that the AD can only achieve a drastic revision which attacks the democratic regime and the conquests of the revolution if the PS or the FRS give it support. Alone, the AD cannot do it because it does not have the necessary two-thirds majority to change anything at all in the constitution.

In its main outlines and tone the FRS draft was designed to please democrats. The democrats can exert great force and influence on this proposal and on the conduct of the FRS in the matter of constitutional amendment.

But it is necessary to make it clear that it serves no purpose to seem to defend the democracy and the constitution because the word socialism is used here and there or because the subject of nationalization or agrarian reform is omitted, while at the same time allowing everything to be lost because control of the armed forces is given to the AD and the reactionary forces are strengthened by giving greater power to the organs of sovereignty in which they prevail.

It is necessary to reveal where the great threats to democracy lie and to make it clear that it is on the basis of the issues involving the armed forces, the cabinet and the control of constitutionality that the life or death of the democratic regime will be decided.

All democrats, communists and socialists in particular, can and must reach agreement to guarantee the continuity and the consolidation of the democratic regime.

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## PCP DETAILS PLANS FOR STRONGER AZORES ORGANIZATION

Lisbon 0 MILITANTE in Portuguese Aug 81 pp 9-10

[Text] 1. Introduction

In these brief comments, we will attempt to set forth some of the aspects which seem to be essential in the work which is planned in this autonomous region with a view to ensuring a certain strengthening of the regional party organization.

As was inevitable, there are some very diverse factors which account for the existence of difficulties in the development of the work of the organization and which it is important to note. For example, we must consider:

- a. The weak economic development, industrial in particular, in the region.
- b. A balance of social and political forces which still heavily favors the right wing.
- c. Contraction, still widespread, in open political activity, the product of the influence and activities of political bosses of various kinds.
- d. Very limited party influence during the fascist era and lack of democratic activity, with the Ponta Delgada CDE [Democratic Electoral Commission] in 1969 as a major exception.
- e. The difficulty of adapting new styles of work to the natural development of the regional situation.
- f. The existing lack of territorial continuity, making it necessary to utilize much more substantial human and material resources.

If the points noted constitute difficulties in the development of a consolidated organizational structure, it is also important to stress the idea that with the pursuit of a serious effort, it is possible to minimize these obstacles in some cases and cancel them out in others.

2. The Main Goals of the Organization Work

Developing an organization is for us communists a continuing task with a view to the strengthening of ever more profound political work, that is, work with an ever greater capacity to affect the social and political life of the environment in which it takes place.

Given the need to intervene in regional political life in depth, four main goals for the work of the party organization on the archipelago immediately emerge:

1. Expanding the organization numerically.
2. Structuring the organization such that the existing bodies will correspond to the priority needs of political activity.
3. To train cadres and develop the party spirit throughout the organization.
4. To create the technical and material conditions for extending the party organization to all the islands.

It is obvious that these four main goals are closely interlinked, and their gradual achievement depends both on internal factors and on the development seen in the regional and national situations.

### 3. Development of the Work

In connection with each of the goals mentioned, serious and major steps have been taken, but major difficulties still remain.

For example, if there is no doubt that expansion has been significant this last year, with a 50 percent increase, it is certain that it could have been much greater, if some of the obstacles to the achievement of well-directed recruiting had been overcome. If there is no doubt that major steps have been taken in the training of cadres, it is certain that many more are necessary. If there is no doubt that there are many organizational bodies, it is certain that there are still not enough and in many cases they are embryonic. If there is no doubt that the party spirit and the internal unity of an organization which is scattered over nine islands and which is very distant from the continental territory has been strengthened, it is certain that much still remains to be done in these sectors. If there is no doubt that great steps have been taken in the acquisition of its premises and technical equipment, it is certain that much more must be achieved.

We can conclude, then, that in relation to the goals defined, much has been accomplished but a long path still remains to be trod.

It is the duty of the organization in the autonomous region to be capable of developing new and redoubled efforts at each moment in order to succeed in achieving what is wanted.

### 4. Organization and Activity

An effort has been made to keep up with the organizational effort while at the same time developing intensive activity on various labor fronts.

It is essential to work with what we have in order to be able to acquire the human and material resources needed fully to carry out that which is necessary.

Thus during this year, in addition to the commemorations of the 60th anniversary of the founding of the party on 2 April, and the celebrations on 25 April and 1 May, to

which the communists in the Azores devoted great concern, the Azores Autonomous Region Organization Directorate (DORAA) sponsored a regional gathering of trade union cadres and a regional meeting on the local government authority. These undertakings were extremely important to the advance of the organization in more profound work on these fronts and the definition of proper regional guidelines.

Also this year many fund-raising activities were promoted and attention has been devoted to other labor fronts. Because of its importance, the systematic production of the regional organization's own propaganda materials in the last 5 months merits mention.

New and major undertakings are being planned. It is, then, in the midst of intensive activity that an effort is being made to make the development of the organization more profound.

##### 5. Measures In Progress

At its last plenary session, the DORAA undertook a detailed analysis of the current organic situation and took various steps to intensify recruiting and structuring.

This meeting of the DORAA followed the holding of cadre meetings on the various islands and pursued the efforts designed to put the guidelines established into practice.

The following should be stressed among the steps taken:

- a. Assignment of the tasks of leading the bodies and sectors to all the cadres, thus reversing the existing trend to limit these tasks to a small number of cadres. In order to achieve this goal, the island commissions will be strengthened.
- b. Resumption of planned and directed recruiting on each island.
- c. Pursuit of the reestablishment of lost or weakened contacts.
- d. Reactivation of the existing cells and bodies for the professional class in existence and creation of new ones.
- e. Focusing of great attention on the formation of parish commissions.
- f. Reorganization of the distribution of AVANTE! and O MILITANTE on all the islands.
- g. Launching of undertakings which can contribute to the mobilization of members and sympathizers.

We can state with certainty that already in June the revitalization of the efforts designed to strengthen the organization had begun.

In August, a natural hiatus can be expected, but the way in which the work is progressing justifies confidence that it will be possible by the end of the year to make new and important advances in the direction of concrete achievement of the goals sought.

## SURVEY ON EDUCATION, STATISTICS REPORTED

Athens BUSINESS &amp; FINANCE in English No 156, 22 Aug 81 pp 17-27, 33-34

## [Text] Structure

- a) **Pre-school education:** this takes place in the nursery schools where infants aged 3 years and 6 months on the first of October can be enrolled.
- b) **First level (primary) education:** this education is compulsory by law and takes place in the primary schools, which are attended for 6 years. Children who are 5 years and 6 months old on the first of October can be enrolled in the first class of these schools.
- c) **Second level (secondary) education:** this can be divided into general, technical, vocational and ecclesiastic.

1. **Secondary general education** comprises high-schools and lycea. Children who have successfully completed their primary school education can enrol in high-schools without examinations. Attendance is for three years and has been compulsory since the 1980/81 school year.

Graduates of three-grade high schools can enrol in a lyceum following an entrance examination. Attendance is for three years, except for the evening lycea which are attended for four years. According to their programmes, lycea are divided into general lycea, classic lycea, and nautical lycea.

2. **Secondary technical and vocational education:** includes technical lycea, vocational lycea and secondary technical and vocational schools.

Technical and vocational lycea: students who have graduated the three-grade high-school of general education, or possess a certificate of the third grade of a six-grade high-school, or even a certificate of a lower technical or vocational

school, can enrol in the technical or vocational lyceum after they have passed examinations. Here, attendance is for 6 semesters, or 8 semesters for evening courses. These lycea include several specialization courses.

Secondary technical and vocational schools: students who have graduated the three-grade high school of general education, or possess a certificate of the third grade of a six grade high school can enrol here without examinations. Attendance lasts for 1-4 semesters or for one or two semesters more for evening courses. These schools include one or more specialization courses.

Apart from these schools, there are also other vocational schools of one, two or three year attendance. These schools are divided into agricultural, commercial, home economics personal services, mercantile marine and art schools.

3. **Secondary ecclesiastic education:** This includes secondary ecclesiastic schools, ecclesiastic high-schools and ecclesiastic lycea. In these schools enrolment is made after special entrance examinations. For schools and high-schools, where attendance lasts for three years, enrolment requires certificate of primary schools, for lycea certificate of secondary ecclesiastic schools, of ecclesiastic high-schools or three-grade high-schools of secondary general education, or certificate of the third grade of the six-grade high-school. Attendance at the latter lasts for four years.

**d) Tertiary education:** This includes intermediate (pre-university) and higher education. Entrance to the educational institutes of this level requires certificate of lyceum or of an equivalent secondary educational institute. More specifically, higher education includes the training of the teaching personnel for general education (National Gymnastics Academy, Economic Schools, Teacher Training Colleges, Schools for Kindergarten Teachers), the higher technical and vocational education (KATEE, etc.) and the higher ecclesiastic education.

The diplomas awarded by these schools are not equivalent to the University diplomas. Higher education is accomplished in the higher educational institutions, that is the Universities and the other University level institutions, which are legal entities under public law. Attendance lasts for between 4-6 years in the higher education institutions and 2-3 years in the intermediate education institutions.

**e) Technical-Vocational and Ecclesiastic education:** This type of education includes those schools that provide vocational specialization of some kind. In the schools concerned, students may enter with or without examinations – according to the regulations of the schools, provided they have previously completed a primary or six-grade high school, or they have graduated from some grade of high school. Attendance lasts for between one and six years.

The above education is classified into 'higher', 'secondary' and 'lower', according to the certificate required for the enrolment in such schools.

As far as technical and professional specialization is concerned this is classified into Technical, Agricultural, Commercial, Home Economics, Merchant Marine Officers, Personal and Social Services, Ecclesiastic and Art Schools.

#### **Public and Private Education.**

Public education is the education accomplished in schools belonging to the State or to Legal entities of Public Law, while Private Education is that accomplished in schools belonging to private persons or to Legal Entities of Private Law.

Being under the auspices of the State, education is provided free of charge in public schools. Elementary education is compulsory for all nationals.

#### **Expenditures on Education-- Greece and the EC**

Some conclusions that can be drawn concerning educational expenditures in Greece and the other EC countries, are as follows:

1. Concerning the development of the total educational expenditures, the rate of increase in Greece was lower than in all the other member-states in the period from 1965 to 1975. The average annual increase was less than 10% while it was more than 10% in all the other member-states, and reached 19.6% in Holland.
2. The total educational expenditures as a percentage of public expenditures for 1975 ranged between a minimum 10.8% (Ireland), and a maximum 23.7% (Holland), for the EC member-countries. In Greece, the percentage participation of total educational expenditures in total public expenditures was about 8%.
3. Examining the development of the percentage participation of the educational expenditures in public expenditures during the decade 1965-1975, we find that while for most EC countries there was a relative increase, and for some a very slight decrease, for Greece the decrease is significant – from 12.2% (1965) to 8% (1975).
4. Educational expenditures as a percentage of GNP in 1975 ranged between a minimum 3.4% (Germany) and a maximum 7.15% (Holland, Denmark) while in Greece the figure was 1.54%.
5. The development of the participation of the educational expenditure in the GNP during the decade 1965/75 shows an increase for all the member-states. In Greece, however, there was a decrease of over 2.6% in 1965, over 1.7% in 1970, and 1.54% in 1975.
6. An analysis of the educational expenditures shows that a) the percentage of expenditure on administration ranges between 1.4% (Germany), and 3.8% (Ireland), while in Greece it is higher than the EC maximum of 3.9%; and b) scholarships and subsidies in 1975 ranged between 2.0% (Belgium, Holland) and 7.4% (Ireland), while for Greece the corresponding percentage is 0.2%.
7. The percentage participation of salaries

Population aged 10 years and over by geographical region and educational level

Education level	Greater Athens	Rest of Cent. Greece and Euboea	Peloponnese and Ionian Isks.	Epirus	Thessaly	Macedonia	Thrace	Aegean	Crete
<b>MALES</b>									
<b>TOTAL .....</b>									
Graduated higher Education	82.236	8.428	10.476	1.492	3.500	6.548	24.672	3.136	4.340
Completed Secondary Education	231.440	28.628	31.224	4.044	6.920	16.528	77.584	6.512	12.332
Completed Primary Education	536.972	233.872	247.204	41.200	70.248	144.824	413.412	58.848	87.284
Have not finished Primary School	165.676	118.744	104.148	22.684	34.272	84.764	237.636	59.624	56.556
Have not declared Educational level	11.720	9.780	9.456	1.972	2.712	6.232	9.084	4.904	5.432
Illiterate	34.540	28.144	21.960	6.348	6.596	17.584	50.084	23.188	17.280
<b>FEMALES</b>									
<b>TOTAL .....</b>									
Graduated Higher Education	30.112	3.324	4.592	848	1.500	2.704	11.972	1.060	1.768
Completed Secondary Education	232.252	15.632	19.744	3.364	5.056	11.492	60.416	4.264	9.056
Completed Primary Education	535.928	170.596	180.764	31.716	54.828	113.944	342.504	45.100	93.294
Have not finished Primary School	299.364	182.976	166.748	40.520	58.904	128.176	344.512	74.428	79.712
Have not declared educational level	35.328	37.260	39.648	6.500	14.844	26.112	26.504	10.480	9.308
Illiterate	124.516	118.352	106.740	28.052	41.344	83.756	162.396	49.260	39.284

in the educational expenditures ranges between a minimum of 70.4% (Germany, Ireland) and a maximum of 82.6% (Luxemburg). The figure for Greece (79.6%) approaches the maximum.

The basic conclusions to be drawn relative to the distribution of educational expenditures per stage of education are as follows:

- a) In the EC primary education receives between 25% (Belgium, France, England) and 35% (Italy, Ireland), of the educational expenditures, while in Greece the figure is well past the maximum, and reaches 45%.
- b) Secondary education in the EC countries absorbs a percentage of the total of between 30.5% (W. Germany), and 51.3% (France). In Greece the figure is 29.9%. It is interesting to see that in all the other countries of the EC, expenditure on secondary education is higher than on primary education – something that does not happen in Greece.

c) Tertiary education receives between 13% and 28% in the EC countries. The percentage of expenditure on tertiary education in the EC countries is much lower than on primary or secondary. The 22% which is the figure for Greece is much lower than all the other countries, and is close to the percentage for secondary education.

Consideration of the expenditures per student, shows that:

- a) For all EC countries, there is an almost geometrical increase in the expenditures per student from primary through to tertiary education.
- b) The increase between primary and secondary education is 1.5 - 2 times higher per secondary student, and 4 - 5 times higher per tertiary student, in comparison to the expenditure per primary student. Greece is the only country which does not show this progression between primary and secondary education.

Further considerations of the expenditures on education in Greece are:

- a) Denmark, which has the highest per capita GNP in the EC, has the highest educational expenditures per inhabitant.
- b) Italy and Ireland, with lower per capita GNPs have lower education expenditures per inhabitant.
- c) Although Greece has the same per capita GNP as Ireland, it has only a quarter of Ireland's educational expenditure per inhabitant.

#### Distribution of the total number of students.

In the EC countries primary students make up between 45% and 46% of the total number of students (minimum Germany, 33.5%, maximum Ireland, 56.8%). In Greece this figure is 53%.

In secondary education, the situation is reversed. Germany has the highest figure (57.4%) and Ireland the minimum of 38.4%. Greece's figure is again close to the minimum, with 39.5%. In tertiary education, there are two groups within the EC countries – one with 8.9%, and the other with 4.5%. Greece, with 7%, is in the middle.

Compared to the other EC countries, Greece has a high number of students from the working classes. A considerable percentage of these students attend economic and sociological courses. However most of the students of sciences are from the higher social classes. Compared to the other EC countries, Greece has the highest percentage of students studying law and social sciences (44.5%) and the lowest percentage studying the sciences (6.5%). The percentage in Ireland is 7.1%.

#### Technical and Vocational Training

The first coordinated efforts for the creation of Technical and Professional Education and its concentration in a single agency (Ministry of Education) came with the Legislative Decree 3971/59 "On Technical and Professional Education, Organisation of Secondary Education and Administration of Education", which was supplemented by R.D. 671/1961 concerning Private Technical and Professional Education. This effort coincided with the signing of the Greece-EC Association Agreement, and the coordinated efforts for the industrial development of the country. L.D. 3971/59 anticipated the establishment of technical, agricultural, economic, marine, and foreign language classes in the last three years of high school. At the same time, two schools for assistant engineers and six schools for technical assistants were founded. These schools did not correspond to secondary education, and in spite of the fact that they required a certificate of the third class of high school, neither secured a professional career for the graduates, nor offered them any other opportunities.

Table 2: Educational expenses per inhabitant, student and as % GNP

EC Member-States	GNP (per inhabitant)	Educational expenses per inhabitant	Current Educ. Exp. % GNP	Expenditures per student	Tertiary
				Primary	Secondary
Denmark	6,810	579	7.13	1,702	2,315
Germany	6,670	280	3.41	1,067	1,201
Belgium	6,270	400	5.68	752	2,069
Luxembourg	6,020	268	3.80	903	1,204
France	5,950	356	—	535	952
Netherlands	5,780	514	7.15	1,040	1,503
Gr. Britain	3,780	230	5.47	491	1,021
Italy	2,810	156	4.46	618	927
Ireland	2,390	164	5.61	263	597
Greece	2,340	38	1.54	254	211
Spain	2,750	—	1.81	192	247
Portugal	1,570	—	3.05	267	361

Source: U.N. BULLETIN OF STATISTICS - MARCH 1979  
(in \$ USA - 1975)

The lack of economic assistance brought this system to complete failure, and the gap thus created was filled by private initiatives, with an annual state credit per student. For a long time, the private schools prevailed in the area of middle technical and professional education, operating with only a few exceptions, in disastrous conditions. It is interesting to note that in 1967-68 86%, 1968-69 87%, 1969-70 84% and 1970-71 79% of the students in middle technical education attended private schools.

A half-hearted effort was made in May 1965 with the draft of a law "On Technical Education", which, however, was never discussed in Parliament. In 1970 there was the first serious effort to deal with the problem of Technical Education, based on the plan which was prepared by the OECD in 1965 for Greece, with the financial aid of the International Bank. L.D. 580/70 and 652/70 were published. The first actually legislates the situation that had existed till then in Middle Technical Education with the definition of two cycles (lower technical education for graduates of the preliminary school, and Middle Technical Education for the graduates of the third class of high school.) The second one legislates Intermediate Technical Education with the foundation of KATEE, which replaced the former schools for assistant engineers and foremen. L.D. 580/70, with some changes, was in force till 1977.

This law had many weaknesses, as because these schools did not correspond to the general education, the graduates did not have the security of a professional career. As well as this, there was also a lack of infrastructure (buildings, installations, equipment, etc.). So the percentage of total Secondary students in lower and middle technical education was 19% in 1971/72, reached 21% in 1973/74 and then dropped again to 19% in 1976/77. A positive sign is the gradual reduction of the private lower and middle technical schools, from 76.7% in 1971/72 to 47% in 1976/77.

The great changes that have taken place in recent years have also had an influence on the Greek economy. Towards the end of the 60s, Greece changed from an agricultural country to an industrially developing one. In industry there are branches with well developed technology, and even the traditional industries have adapted to new conditions of development and organisation. These developments have led to increased demands for both specialised technical personnel and specialised professional personnel.

At the same time, the educational system has continued to keep the emphasis on the study of the humanities, which are completely apart from the new economic situation. The results are almost tragic and can be summarized as follows:

— From the percentages showing the relation between general and technical education of secondary studies (See Table 3a) it appears that in the industrially developed countries the percentage of technical education is greater than 40%, and approach almost 90%. In Greece, however, this percentage is only 22% and is greater only than that in Turkey and Spain.

— The flow of the student potential at all stages of education in Greece (Table 3b) shows that: a) 60,000 persons who want or need work, enter the labour market without any knowledge of the profession they will adopt, b) 40,000 are graduates of the high schools, and only 15,000 enter the intermediate schools. The general secondary education basically prepares the students only for further studies, and gives no professional starting-points to the other 5,000.

— A research conducted at the Centre for Programming and Economic Studies, concerning the supply and demand of labour for the period 1971-1980 (Table 3c) showed that the scientists' market is covered although there is increased demand for the service of professionals and for specialised middle and lower technical personnel.

It can clearly be seen that the educational system is completely out of tune with the needs of the Greek economy. Specifically:

A. In the economic sector, where there are added expenses due to

1) the cost of preparing high school graduates to continue with further education, 2) the direct cost to the state of the entrance of 80,000 students to high schools and the entrance of only 15,000 to intermediate schools, 3) the loss of productive potential while these students are studying, 4) the increase of the production costs for education during the work period, 5) the loss of time and money, due to the small qualitative and quantitative efficiency of the workers until they have been trained for their work, 6) the lack of basic education, resulting in a low qualitative level of many workers trained for their job.

B. In the social sector 1) increase of the danger of accidents, 2) greater efforts

required from the workers in learning what is necessary, 3) their unpromising future development, 4) inadequate preparation of youth to cope with work and life, and the feelings of personal inadequacy that this gives rise to.

From 1976 to 1977, there were concerted efforts to reconsider the whole educational system and adapt it to the needs of the economy with the draft of L.D. 309/76 concerning General Secondary Education, and L.D. 576/77 "On Organisation and Administration of Secondary and Intermediate Technical and Professional Education." This effort took place within the framework of the 5-year economic and social development programme (1978-1982) to enable Greece to meet the demands of the EC, according to the OECD indications, and with financial aid from the International Bank. This programme anticipates the creation of 200,000 new jobs.

The structure of the educational system according to the new legislation is shown in Table 3b.

The following observations can be made about these changes:

- a) This is the first time that an educational programme has been related to the economic development programme.
- b) It establishes 9 years of compulsory education.
- c) It brings middle and lower technical and professional education within the framework of the educational system of Greece, giving it a correspondence to general education.
- d) It offers the opportunity to pass through all the lower stages of education to the intermediate and higher ones.

Specifically, Law 576/77 anticipates the following changes in the system of technical and professional education:

- a) The lower professional and technical schools are to be abolished and replaced with technical and professional schools which will accept the graduates of the 9 years of compulsory education. That is, an effort is made to raise the standard of professional education.
- b) For the professions which have greater requirements, the Technical Lycea are to be established, which are equivalent to the Lycea of general education, to provide the opportunity to go on to Intermediate or Higher Education for those attending certain special classes.
- c) Offers the opportunity to the graduates of the technical and professional schools to continue their studies following an examination, in the 3rd six-month period of the Technical Lycea.

With this law, the government aimed to transfer the flow of the student potential towards technical and professional education, to increase this from about 20%, to the percentage of the EC countries, which is between 50% and 70%.

The bases of middle technical and professional education are the Technical and Professional Lycea, and the Technical and Professional Schools. The programme of economic and social development (1976-1982) anticipates that by 1982, there will be 120 Technical Colleges, 120 Professional Colleges and 110 Technical and Professional Schools.

#### Expenses on Middle Technical and Professional Education

Technical and Professional education costs far more than general education. This is natural; modern building installations, laboratories, high-level personnel are required, and can only be secured with increased expenses.

It is known that Greece spends only a low percentage of its total budget on education. From 1961 to 1971, Greece spent (the average rate) 8% of the annual state budget on educational needs while the corresponding percentage for the EC countries was 20%. Certainly, in recent years there has been a concerted effort for the improvement of the situation, and the percentage spent on education reached 12.5% of the budget but it is still much lower than that of the other EC countries.

A similar situation prevails in technical and professional education as well. During the year 1973/74 the expense per student was just slightly greater than in general education. The ratio gradually improved, and reached 1:0.6 for 1976/77. The percentage of the expenses on technical and professional education of the total education expenses, rose from 7.8% in 1973/74 to 9.25% in 1976/77.

#### Relation to Greek Industry.

Technical education in Greece, after the changes, is classified in to four stages:

1. Higher stage: Polytechnic,
2. Intermediate stage: KATEE (Centre of Intermediate Technical and Professional Education),
3. Middle stage: Technical Lycea,
4. Lower stage: Technical Schools.

Table 3a: Percentages of general and technical education in total secondary education.

Country	General Education	Technical Education
East Germany	12.5	87.5
Bulgaria	23	77
West Germany	28	72
Romania	28	72
Czechoslovakia	30	70
Belgium	31	69
Albania	53	47
USSR	54	46
Italy	56	44
France	57	43
Japan	66	34
Greece	78	22
Spain	81	19
Turkey	83	17

The corresponding positions which may be given by the needs of industry to the graduates of these stages are: Graduates of the first stage: research, programming, management of the large industrial units. Graduates of the second stage: assistant role to the 1st stage, supervising industrial construction, and small industrial units, or parts of large industrial units. Graduates of the third stage: professional guidance of the lower technical personnel, checking of the good functioning of the various pieces of equipment. Graduates of the fourth stage: performance of operations and constructions in an industrial unit.

For such a system of classification to function in the proper way, there must be a common language (knowledge) in the passing of information from the higher to the lower stages. This presupposes that the aim of the knowledge of each stage will be a more general ability to cope with the problems, moving from the lower towards the higher, i.e. to complement each other.

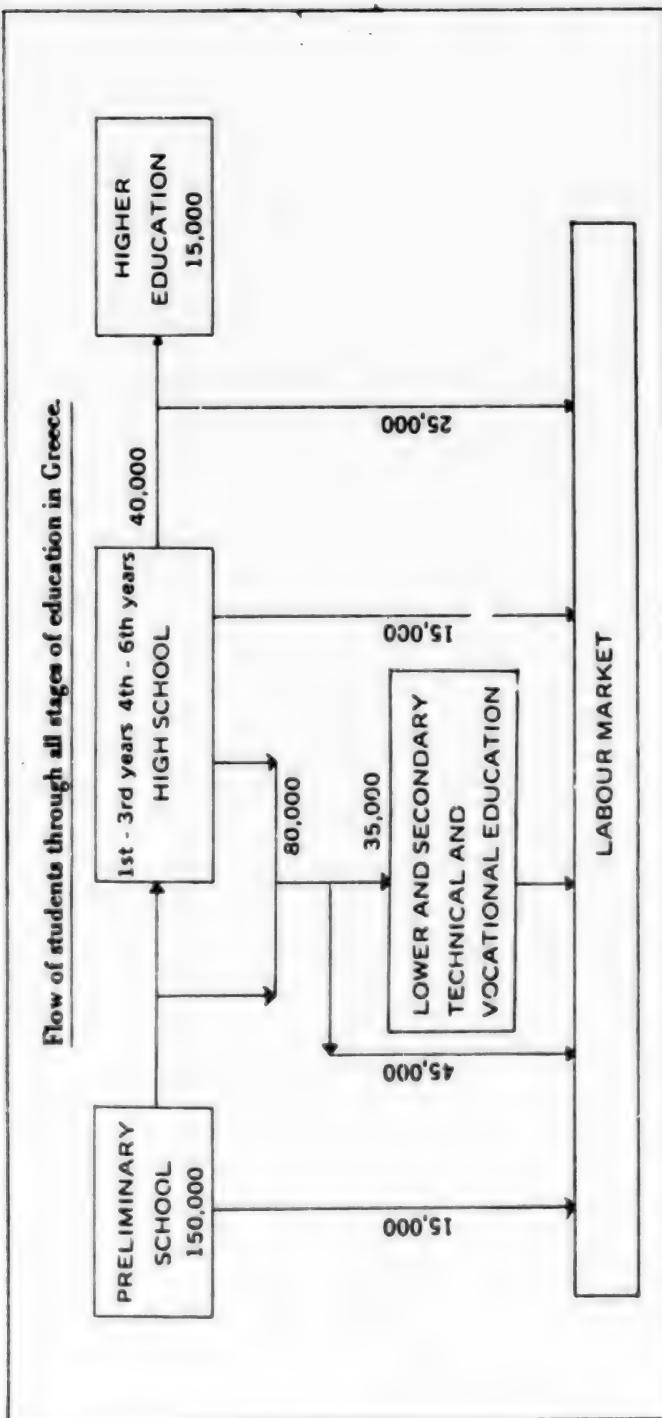
At the same time, the offered knowledge must combine both theory and practice so as to minimise the time needed for the graduates to adapt to the real conditions of the operation of the industrial units.

The prevailing situation in Greek industry today does not correspond to this model. There is a significant gap between the stages, mainly because the middle and the lower, are staffed either by graduates of old technical schools with basic inadequacies, or by unspecialised personnel who are trained during the first period of work. This situation has negative effects on the productivity and the security conditions.

The Technical Lycea and the Technical Schools aim to bridge this gap and to a significant degree may succeed at the level of theoretical knowledge. But there is a serious problem concerning direct approach to the real conditions which cannot be solved by daily visits to factories and practising in laboratories. This problem can be solved with the complete integration of industry and technical education, and specifically with the training of the students in the productive cycle.

It is well known that the results of an educational programme require a considerable time period to appear. The three years which have passed since the estab-

**Flow of students through all stages of education in Greece.**



lishment of the new form of middle technical and professional education is not sufficient to allow definite judgements to be made, but some conclusions may be drawn on partial subjects. However, two basic criteria will define the success or lack of it of the new measures: first of all, the flow of students in technical and professional education at levels corresponding to those of the developed countries; and secondly, to what degree their knowledge will correspond to the requirements of the positions which they will cover.

Looking at the table (3b), it can be seen that:

- a) While the number of students of Secondary Education increased steadily from 1976/77 to 1979/80, the percentage of the students of lower and middle technical and professional education fell continuously from 17.54% to 12.38%. The corresponding percentages represent 119,724 for 1976/77 and 86,736 for 1979/80 in lower and middle technical and professional education and 77,938 in 1976/77 to 44,240 for 1979/80 in middle technical and professional education.
- b) The participation of private education has been continually reduced and minimised. So from 45.97% in 1976/77 it fell to 24.22% for all technical and professional education, and specifically for middle technical and professional education from 47.39% to 13.16%.

So it can be seen that in its first stage, the new educational programme has failed to attract the flow of the student potential towards technical and professional education, and this creates

serious problems. This failure may be attributed

- a) To the suspicions of the people towards the new institution.
- b) To the negative psychology which has been cultivated over many decades concerning the technical professions.
- c) To the dislike of the previous form of technical education.
- d) To the fact that the new institution was founded without the parallel creation of the appropriate infrastructure, and particularly without the development of professional orientation.

#### Unemployment and Vocational Training in Europe

In order to understand and evaluate the role of vocational training policy within the Community, a short survey of the present employment situation in the Community is necessary.

### Area distribution of technical colleges.



(The first number indicates the number of the technical colleges in each prefecture and the second the big industrial units)

Development of the Middle and Lower Technical and Vocational Education (Public and Private) 1971/72-1979/80.

Year	Total of students in Secondary Ed.	Total of students in M.L.T.V.E.	% of M.L.T.V.E. in Secondary Ed.	Index of annual change	Students of Private M.L.T.V.E.	% of Private in M.L.T.V.E.	Index of annual change
1971/72	-	-	-	-	-	-	-
1972/73	-	-	-	-	-	-	-
1973/74	-	-	-	-	-	-	-
1974/75	-	-	-	-	-	-	-
1975/76	-	-	-	-	-	-	-
1976/77	682419	119724	17.54	-	55036	45.97	-
1977/78	685177	104211	15.21	-1.93	43679	41.90	-20.63
1978/79	692719	106027	13.3	+1.71	42564	40.14	-2.55
1979/80	700456	86736	12.38	-18.19	21011	24.22	-50.63

Year	Total of students in Middle Technical and Vocational Educ.	% of M.T.V.E. in Secondary Ed.	Index of annual change	Students of Private M.T.V.E.	% of Private in M.T.V.E.	Index of annual change
1971/72	\$1500	-	-	39500	76.7	-
1972/73	51500	-	-	39500	76.7	-
1973/74	58110	-	+13.42	41700	74.61	+10.32
1974/75	60590	-	+17.09	36420	67.87	+6.32
1975/76	60810	-	+2.12	42900	61.43	-7.58
1976/77	69100	-	+0.63	79800	57.34	+7.21
1977/78	77914	11.12	+12.1	10911	17.19	-7.2
1978/79	65093	9.5	-16.18	11195	18.21	-11.09
1979/80	66013	9.61	-2.12	29860	13.09	-1.51
1980/81	14230	6.12	+1.5	5021	13.16	+10.56

For many years after the creation of the Common Market, the labour market situation in the Community was on the whole satisfactory. In the late 1950s and during the whole of the 1960s into the beginning of the 1970s, most economies grew rapidly, with a parallel strong growth in employment. While some regions and groups within the Community experienced rather high and fluctuating unemployment, the overall situation was one of low unemployment. During the first years of the 1970s the situation began to change, with rapidly growing unemployment, especially after 1973. For the Community as a whole, Table 4a summarizes well the development in the level of unemployment during the last two decades.

The growth in unemployment in the seventies has been more rapid among women than among men: from 1972 to 1978 the female unemployment rate rose from 2.4% to 6.4%, whereas the male unemployment rate rose from 3% to 5%. The largest differences in growth and level of unemployment cannot, however, be found between the sexes, but between age-groups. Table 4b shows the situation in 1977.

The unemployment rate among 14-19 year-olds was for both sexes 5 times the unemployment rate for the 30-39 age-group which has been chosen here to represent the typical unemployment situation for the adult population. The unemployment situation is somewhat better for the 20-24 age-group, but still over 3.5 times higher than for the 30-39 year-olds.

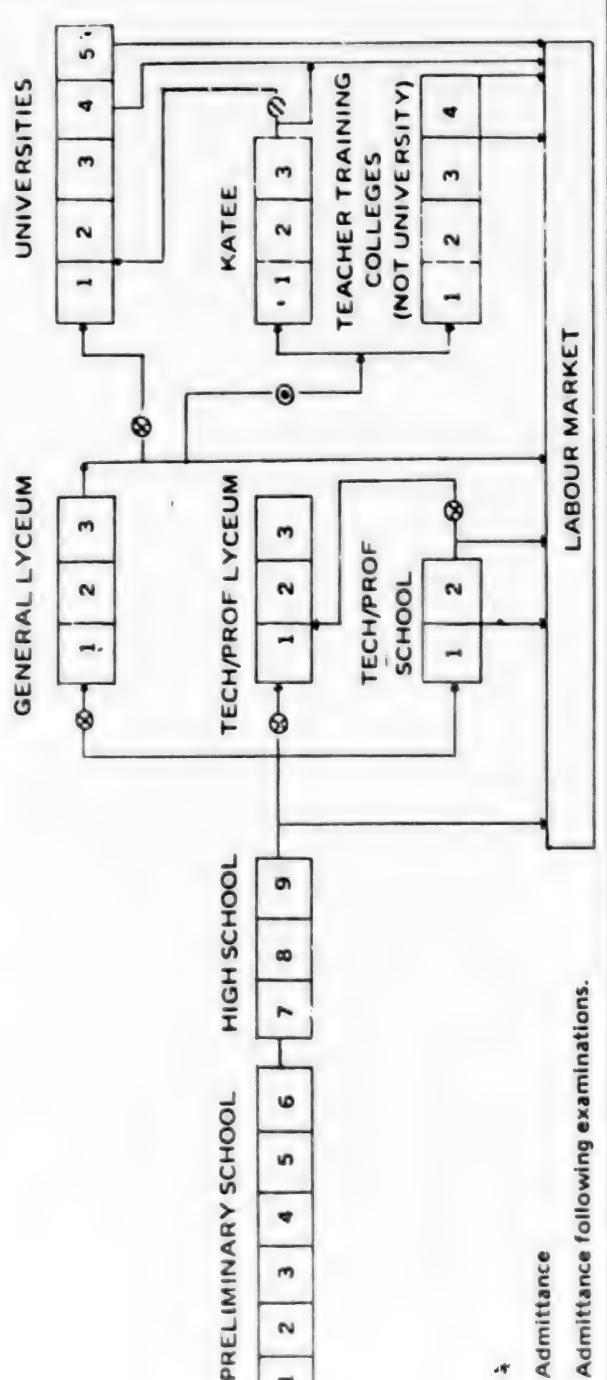
One important characteristic of youth unemployment in particular is the role of education and training. Hidden in the connection between unemployment and age described in Table 4b is a close relationship between the level of unemployment and level of education and training.

Early school-leavers such as 14-16 year-olds have either a lower level of education than the average school-leaver, or have not acquired the formal and informal training associated with the permanent working situation of the adult. In fact, a low level of education is a very important factor in accounting for unemployment differences among groups in almost all industrialized societies, even when other important factors such as age, sex occupation, region, etc, have been accounted for. Only in Italy, and to a lesser extent France, is there a serious problem of unemployment among better educated young people such as university graduates.

A somewhat bright spot in the generally discouraging picture is that changes in the youth labour force in the

The structure of the Greek Educational System

YEAR OF STUDIES		5	6	7	8	9	10	11	12	13	14	15	16	17				
AGE		6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22



Community will not add to the problems of employment. Between 1980 and 1990 it is foreseen that the youth labour force will increase by only 50,000 in the Community, from 20.145 million to 20.195 million. On the other hand, if activity rates for women increase as they have in the recent past, which there is every reason to believe, the problems associated with creating sufficient employment for adult women, and avoiding that, this increase in the general labour supply, leads to additional problems for other groups such as young people will be formidable. Table 4c shows the increase in female activity rates between 1972 and 1978.

While the general level of unemployment within the Community was 5.6% in 1978, unemployment between the regions of the Community showed considerable variation. The regions hardest hit by unemployment in 1978 were Campania in Italy, Limburg in Belgium, and Northern Ireland in the United Kingdom, with unemployment rates of 19.2%, 11.2% and 10.6% respectively. The lowest level of unemployment on the other hand, was found in Luxembourg with only 0.8% unemployment and Tübingen in Germany with 2.0%. The ratio of the unemployment rate in the region with the highest level of unemployment to the region with the lowest was as much as 24.1:1. Thus there is a strong case for measures to reduce regional inequalities in the level of unemployment. Such measures may, as we shall see, be found in a common vocational training policy.

The outlook for the labour market situation is problematic for most member states as they enter the 1980s. High unemployment may prevail for a long time, in the worst case during the whole decade. The reason for this lies in the difficulties of designing economic policies which in the face of rising energy prices and increasing energy shortages can increase employment and production without accelerating inflation and creating paralysing balance of payments problems. Despite the problems and the black outlook, it is nevertheless possible to alleviate the unemployment situation by various social and economic measures. The Commission feels that vocational training is an instrument which can be used in an active social and labour policy at the Community level.

#### **The contribution of vocational training.**

It has already been observed that there is a close connection between education and training and the rate of unemployment, especially for the younger age-groups in the labour market, i.e. those between 14 and 24 years old. In most

countries the higher the level of education, the lower the probability of being unemployed. For the individual this means improvement in his labour market chances if he obtains more education and training. There is a danger, however, that if additional training is not carefully designed for the specific situation, it will only distribute the burden of unemployment even more against people without education and training. But this need not happen. There is ample room for an improvement both in individual life chances and in the overall employment situation through vocational training measures.

One major reason why the member states hesitate to increase internal demand and thereby create additional employment, is the fear of increased inflation. But vocational training may increase the capacity of the economy to produce by raising the general and specific skill level of the labour force, thereby escaping the conflict between lower unemployment and increased inflation. Such a policy may be especially beneficial if increased vocational training is undertaken in connection with expanding the labour towards occupations and industries with a shortage of skills. The economy is then allowed to expand without reaching the capacity limit at once, which is a major cause of rising prices. Thus vocational training may be used as an important instrument towards easing the rather strict connection seen in recent years between increased inflation and increased employment and at the same time improving the general life chances of the individuals.

The transition from education to work is a difficult period for many young people, especially if they start out with only compulsory education or even less. Many need a period of relatively protected employment combined with various types of vocational training and basic education to become acquainted with the exigencies and responsibilities of the adult life of work. For others increased confidence and some additional insight is all that is needed to make the transition into a stable job.

Adult workers are in general much less afflicted by unemployment than young people, but at the same time they are much less mobile. Thus the combination of declining industries and concentration of such industries create pockets of heavy unemployment. Examples may be found in France and Belgium in

connection with the decline in steel and iron industries, in the contraction of shipbuilding in Scotland, and in the textiles industry's fight all over Europe to stay alive in the face of fierce foreign competition. To fight unemployment in these cases, new workplaces have to be created. But for these new workplaces to be viable in the long run, new industries are required which often need a more skilled workforce or a differently trained workforce than that of declining industries. Therefore a sound regional policy with the aim to create new workplaces must be combined with vocational training preferably at a Community level since these problems are general for the Community as a whole. In this field the Community pursues a coordinated policy. Aid to industrial and infrastructure investment is provided through the European Regional Development Fund and the European Investment Bank.

The opportunities for reducing unemployment by means of vocational training are illustrated by the figures for job vacancies. In January 1980 when under the combined influence of adverse weather and the economic recession, unemployment in the European Community reached over 6 1/2 million, there were nevertheless over 600,000 job vacancies registered with the public employment services. In fact informed observers believe that the total number of vacancies was some three or four times this figure since many employers fail to register job vacancies. In certain regions of the Community unemployment was almost non-existent. In Luxembourg the unemployment rate was only 0.8%. High unemployment in some regions contrasts with shortage of manpower in other regions. Industries with declining employment exist side by side with industries with a constant shortage of skilled manpower. Among the declining or problem

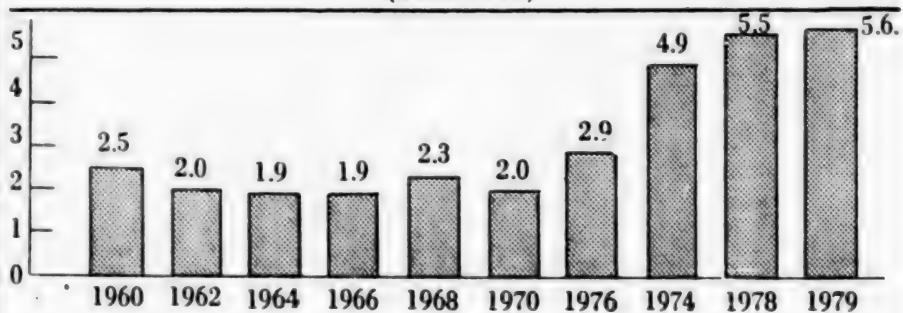
industries we find the originators of the industrial revolutions such as textiles and clothing and the traditional heavy industries like iron and steel, shipbuilding, etc. Among industries almost desperate for more workers, we especially find the new information industries, using relatively large numbers of very skilled workers and little capital. The structure of economic development resulting from changes in technology and competition from low-cost countries creates unemployment in some industries and employment in others, but the net impact on employment may be positive if effective vocational training schemes are devised.

The Community is committed to a better distribution of world income and a rising standard of living in the developing countries. But in order for developing countries to develop, it is imperative that they industrialize and export to other countries, among them the member states of the Community. Their industries are, however, often the competitors of old industries in the Community. The competition is often felt most in the case of the newly industrialized countries. As trade develops between the Community and these countries, production and employment in old industries in the Community decline. What is often forgotten is that these countries import a large number of goods and thereby create employment in the member states. But employment is created in industries different from the declining ones and the need for skills is different. Vocational training can be used as an instrument towards increasing the number of people with the skills needed in the expanding industries, and thereby cease the imbalance created by competition.

The same problems are essentially encountered in connection with the rising energy prices and energy shortage and the increasing numbers of micro-processors used in all kinds of production activities. Higher prices of energy lead to other methods of production requiring different types of labour, but not necessarily less labour. Likewise, the introduction of micro-processors may dramatically increase the productivity of the workforce, lowering prices of a number of products which in its turn increases demand. Thus, while it is obvious that employment may be reduced, and often substantially reduced in many industries as a result of this technological revolution, total employment may, however, increase. A very important point is that for employment to expand new skills will be needed and to meet this demand vocational training geared towards these needs has to be devised.

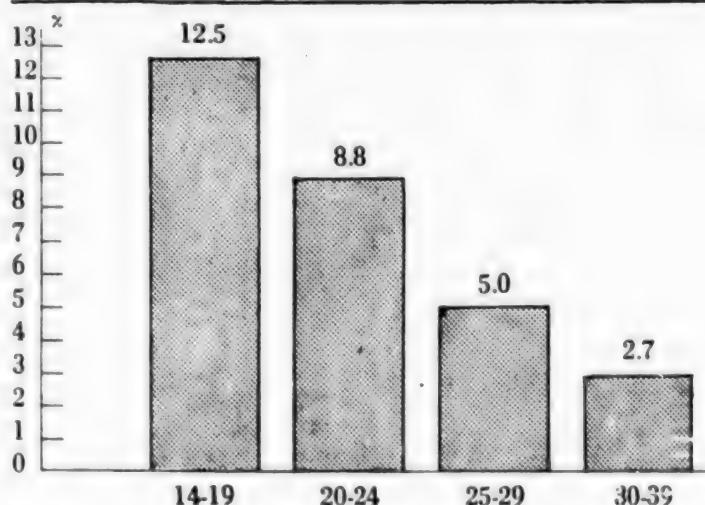
The problems thrown up by the

**Table 4a: Registered unemployment as % of the civilian working population in the community (1960-1979)**



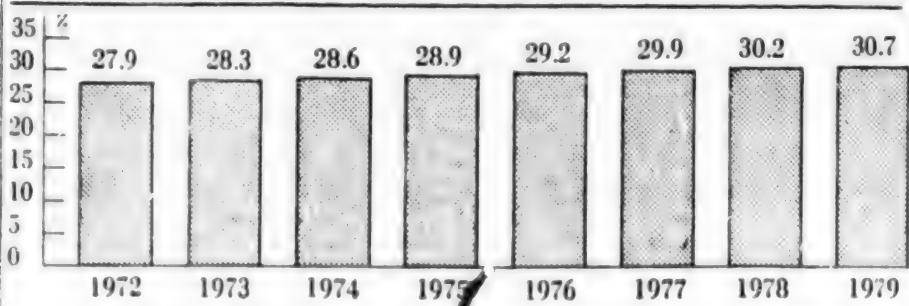
Source: EUROSTAT 'Employment and unemployment'.

**Table 4b: Unemployment rates by age-groups (1977)**



Sources: EUROSTAT 'Labour force sample survey' (1980)

**Table 4c: Female civilian working population as % of total population (1972-1979)**



Source: EUROSTAT 'Employment and unemployment'.

expanding information industry and automation are so large and widespread that they need to be tackled through a Community approach to policy which includes education and vocational training.

It is not suggested that vocational training on its own can solve the problem of unemployment. But as the analysis in this chapter has made clear, it has a very significant contribution to make, such that vocational training must be given a leading role in the fight against unemployment. Naturally action in other policy areas is also necessary in the fields of regional, industrial, fiscal and economic policy, as well as other aspects of manpower policy. Ideally vocational training should play its part within a coordinated policy covering all these fields.

### Research

Greece is noticeably weak in the sector of technological and scientific research. Today, the amount given for research activities reaches only 2.5 billion drachmas, but this also includes the expenditures for the operation of the various research agencies.

Greece spends only 0.2% of the Gross Domestic Product on research, when other countries of the European Community spend five times as much or even more. Greece is one of the first countries in Europe in terms of the importation of foreign technology, and exportation of human scientific potential. Only 0.7% of the working population in Greece is involved in research. In Holland, this percentage is 10.2%, in Ireland 1.6%, in Spain 1.6%, and in Portugal 1.8%. At this point it is interesting to remember that over 2,000 Greek scientists work in important research centres in Europe and America.

In Greece, systematic basic and applied research is not planned for, and therefore is not programmed, financed, or materialised. Any research initiatives are at best isolated, unconnected and uncoordinated efforts, activities that are beyond any national research policy, which, in fact, has never existed in Greece.

Greek universities, which could be investment units, lack the means to develop research. All the institutions of

higher education in Greece absorb an amount of 1,616 million drachmas only. The participation of the private sector is also very low. The industrial units show an unwillingness to develop research, and prefer to import technology from abroad.

In 1977, the law on the promotion of scientific research and technology was passed, and the Scientific and Technological Research Directorate was founded. Today, four years later, people are none the wiser as to which research programmes were promoted, how and to what extent they were financed, under which criteria they were chosen, who the researchers were, and what results have been obtained. The only thing that is generally known about the activities of this directorate, is that various seminars and Congresses have been organised, to which various 'famous' foreigners were invited, who enjoyed their stay in Athens, but who contributed little to the promotion of research.

### Post-graduate studies and research.

An educational system corresponding to the new needs of the economy will include the establishment of post-graduate studies and research. Post-graduate education is essential. Greece is the only country in the EC, and together with Spain the only one in Europe, that has no post-graduate studies programme. According to UNESCO, while Greece and Spain have no post-graduate study programme, in other countries, such a programme takes up from 42% (Holland), to 3% (Italy). In France, this figure is 18%, in England 12% and in Belgium 9%.

Country	Scientists and Technical researchers per 10,000 inhabitants	% GNF	Expenses for research and development	
			per inhabitant	per researcher
USA(1971)	27.8	2.6	\$ 132	\$ 51,000
France(1970)	27.4	1.8	288 francs	249,000 francs
W.Germany(1971)	28.2	2.2	267 marks	184,000 marks
Greece(1971)	2.1	0.2	52 drs	44,000 drs

## FOREIGN SCHOOLS

*In addition to the Greek public and private schools, there are in Greece a number of foreign educational foundations either for Greek children or for the children of foreigners resident in Greece.*

### I. Foreign Schools for non-Greek children

#### A. Nursery Schools

1. Pinewood Schools of Thessaloniki Inc.
2. American Community Schools of Athens
3. Campion School (Athens)
4. Petite Ecole Francaise de Thessalonique
5. German Schools of Athens
6. German School of Thessaloniki
7. French Institute, Athens
8. Italian School of Athens

#### B. Elementary Schools

1. Hellenic International School in Athens
2. Pinewood Schools of Thessaloniki Inc.
3. American Community Schools of Athens
4. Campion School (Athens)
5. Petite Ecole Francaise de Thessalonique
6. German School of Athens
7. German School of Thessaloniki
8. Japanese Community School in Athens
9. Italian School of Athens
10. French Institute, Athens

#### C. Secondary Schools

1. Hellenic International School in Athens
2. Pinewood Schools of Thessaloniki Inc.
3. American Community Schools of Athens
4. Campion School (Athens)
5. German School of Thessaloniki
6. German School of Athens
7. Italian School of Athens
8. French Institute, Athens

### II. List of Foreign Elementary Schools for Greek and Foreigners

1. Elementary School of Athens College, Psychico
2. Elementary School of the Leonteion Lycee, Patissia
3. Elementary School of the Leonteion Lycee, Nea Smyrni
4. Elementary School of the Greek-French School of S. Paul, Piraeus
5. Elementary School of the Greek-French ' Jeanne D'Arc ' School, Piraeus
6. Elementary School of the Greek-French St. Joseph's School, Athens

### III. List of Secondary Schools for Greek Children

1. Athens College, Psychico
2. Anatolia American College, Thessaloniki (mixed)
3. American College for girls, Ayia Paraskevi, Attica
4. Greek-French School of St. Joseph, Athens
5. Greek-French School of St. Joseph, Volos
6. Greek-Frech School of St. Paul, Piraeus
7. Greek-French School of Jeanne D' Arc, Piraeus
8. Greek-French School of the Ursuline Nuns, Athens
9. Greek-French ' De la Salle ' School, Thessaloniki
10. Greek-French ' Kalamari ' School, Thessaloniki
11. Leonteion Lycee, Patissia
12. Leonteion Lycee, Nea Smyrni
13. German School of Athens
14. German School of Thessaloniki
15. Italian School of Athens

Funds disposed from the ordinary budget and the public investments to scientific-research centres and ministries.

	1981	1980
Service of Scientific Research and Technology	469,344,000	327,043,000
DEMOKRITOS (Hellenic Nuclear Energy Committee)	841,115,000	753,080,000
Institute for Geological and Mining Research (IGME)	480,000,000	30,000,000
Public Oil Enterprise	1,100,000,000	1,150,000,000
Civil Aviation Service	600,000,000	140,000,000
Mines Service	300,000,000	100,000,000
Institute for Oceanographic and Fishing Research	32,278,000	14,581,000
National Centre for Social Research	37,000,000	—
Programming and Economic Research Centre	149,000,000	150,000,000
Hellenic Centre for Productivity	50,000,000	50,000,000
National Defence Research Centre	101,645,000	151,092,000
Antiquities-Restorations	100,600,000	172,980,000
City-planning	63,020,000	67,394,000
Greek Railways Organisation	80,000,000	50,000,000
Athens Academy	149,078,000	145,586,000
Observatory	31,904,000	23,703,000
Geodynamical Institute	4,092,000	3,302,000
Astronomical Institute	4,765,000	4,690,000
Metereological Institute	5,100,000	4,693,000
Ionospheric Institute	3,222,000	3,224,000

MINISTRIES

Presidency	10,000,000	5,000,000
National Defence	65,000,000	60,000,000
Interior	20,000,000	7,000,000
Education	70,000,000	25,000,000
Higher Education	1,616,000,000	988,000,000
Intermediate Education	65,000,000	40,000,000
Secondary Education	8,000,000	10,000,000
Secondary Professional Education	1,000,000	2,000,000
School Buildings Organisation	180,000,000	110,000,000
Culture	20,000,000	15,000,000
Industry	40,000,000	35,000,000
Agriculture	828,117,000	617,000,000
Labour	15,000,000	6,000,000
Social Services	75,000,000	40,000,000
Civil Works	460,000,000	413,000,000
Planning Housing Environment	50,000,000	—
Communication	200,000,000	—
Public Order	20,000,000	15,000,000
Merchant Marine	4,000,000	1,000,000

## Educational Facilities for Foreigners

There is a wide range of educational facilities for foreigners in Athens, covering a wide range of age-groups and interests. Apart from the foreign schools that offer the standard education for children up to university entrance, there are also various foundations that offer cultural or business studies.

The American Community Schools have facilities for children from ages three to eighteen. As the name would imply, the curriculum followed is American, but there are also many cross-cultural courses, for example Greek language and civilisation, Greek history and literature, etc.

St. Lawrence College, offers a complete GCE O-and A-Level programme in any subject, and offers facilities from kindergarten to university preparation, including that for all US College entry examinations. The foreign languages offered by the school include Russian and Arabic, and it is the only centre in Greece for examinations by the London Royal Academy of Music.

The Mediterranean College offers a diversified curriculum, including business administration, Data-processing and computer science, technology and engineering, aviation studies, communications studies, and the liberal arts. There are also special seminars, held as a service to the community, in the fields of business, shipping, etc. All the staff of mainly Greek nationals hold advanced degrees and teaching experience from universities abroad.

CSO: 4600/202

END